

Global city Sydney

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ABSTRACT

Sydney has emerged as a major global city in the 21st century. We review the “global city thesis”, which dominates urban scholarship and practice, and ask whether it adequately captures the Sydney experience. Although the global city thesis is a useful analytical construct for policy makers and scholars, we argue that it does not adequately chart Sydney’s rise as a leading global city and its current problems. The global city thesis ignores the political institutions and processes that shape and direct the global city. The City of Sydney is a small area of the city-region, accounting for only about four percent of the metropolis. Sydney lacks a metropolitan or regional government and has few regional collaborative processes or platforms. Instead the global city strategy of Sydney is shaped and directed by the New South Wales state government. This is contrary to the political decentralisation and devolution trends heralded by international actors such as the Organisation for Economic Co-operation and Development.

Sydney also illustrates the dilemma of global cities in that those members at the top of the knowledge economy are highly rewarded and those in the middle and lower strata face difficulty maintaining or improving their situations. Local governments lack the capacity to act independently and the state and federal governments are unwilling to address serious urban problems associated with globalisation, such as public transit or housing. Given the governments’ embrace of neoliberalism, the global city vision advanced by leaders is threatened. There is little concrete policy offered by any level of government to address the crisis.

1. The Global City thesis and the case of Sydney

1.1. Introduction

The “global city thesis” has become the dominant paradigm to explain the place of cities in the world economy (Brenner & Keil, 2006; Tsukamoto & Vogel, 2007). This thesis has important implications for urban policy and development. Recent academic studies suggest that local civic leaders and government officials, often with strong mayoral

leadership, actively set the agenda to solve problems and guide development policy to ensure the city’s competitiveness in the world economy (Barber, 2013; Katz & Bradley, 2013; Newman & Thornley, 2011).

In this study, we focus on the case of global city Sydney to consider two main research questions. *First, we ask how are academic study and place making policies pursued by practitioners and civic leaders shaping the global (or world) city agenda in Sydney?* We review the global city thesis and then consider whether it can account for the rise of Sydney as a

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leading global city. The global city thesis has been subject to a number of critiques. First, the thesis embodies economic determinism at its core (Robinson 2016). Second, the causal linkage of global city rankings to the city's economic competitiveness and economy are weak (Leff & Petersen, 2015). Third, the global city thesis is heavily biased towards a Western and developed world perspective, most closely associated with the US and Europe (Robinson, 2006). Whether it can explain urbanisation and the development of places such as Sydney is a more open question. Fourth, the widespread regard for global city rankings leads to a distortion of the global city agenda as local and civic leaders pursue strategies aimed to raise the city's rankings (Dupont, 2011). The focus of urban policy emphasises concern for economic competitiveness rather than the quality of life of urban residents more generally. Fifth, the global city thesis overlooks or minimises the role of formal government institutions and urban politics in creating and promoting the global city (Abu-Lughod, 1999; Savitch, Kantor, and Vicari, 2002). In the case of Sydney, we assert that the formal city government is rather inconsequential in pursuing a global city agenda, which is largely the domain of the civic leadership and more importantly directed from the state of New South Wales.

Second, we ask how successful are civic and government leaders in addressing the complex urban challenges facing Sydney? We focus on local government organisation (Section 2), economic competitiveness (Section 3), metropolitan planning and transportation (Section 4), affordable housing (Section 5), and climate change (Section 6). While there is significant public policy formulated to address these problems, the solutions pursued in most cases fail to match the scale and depth of the problems identified. In some cases, the solutions are not logically connected to the policy challenges identified. For example, with respect to economic competitiveness, the rankings of global cities lack scientific rigor. The world city agenda suggested by the rankings is more a rationalisation than a causal explanation. They also provide little guidance or analysis for actually addressing income inequality or the lack of employment associated with the new economy they promote. The local government restructuring that was pursued by the state of New South Wales is not a function of the policy analysis that was undertaken by a government commission rather it was aimed at facilitating the state metropolitan vision that was adopted from above.

The concept of "solution sets" serves as a short-cut narrative to provide guidance for policy intervention. Solution sets are "characteristic patterns of solutions to problems and opportunities facing the city" (Jones & Bachelor, 1993, p. 7). They are pertinent for challenging urban problems - including growing income inequality, inadequate public transit and urban infrastructure, an economy that cannot provide enough work for residents, growing unaffordability of housing, and an insufficient plan for mitigating or adapting to climate change - as they suggest "solutions are formulated independent of analysis of particular problems and that policy decisions result from 'solutions looking for issues' (Cohen, March, & Olsen, 1972, 2)" (Bachelor, 1994, p. 605). Thus, even as the evidence mounts that serious urban problems are not being adequately addressed leaders continue to pursue solutions that are clearly failing.

1.2. The Global Cities thesis

The study of global or world cities can be traced to the early part of the twentieth century, when urban scholars wrote of *great cities* or *world cities* in the US and Europe, although with little clarity about what made a city a world city (Clark, 2016, pp. 92–93, see also, Brenner & Keil 2006). More significantly, in the 1970s and 1980s, scholars focused on the emergence of a small number of cities that housed world headquarters of multinational corporations. Clark notes that the studies usually highlighted the hierarchical nature of an emerging network of world cities. The "global city" phrasing is traced by Clark to David Heenan in a *Harvard Business Review* article published in 1977 and was then picked up by John Friedmann and Goetz Wolff in their works on

"the World City Formation" and "The World City Hypothesis" (Clark, 2016, pp. 92–93).

Global cities scholarship has come to dominate the study of cities and urban politics since the publication of Saskia Sassen's *The Global City* (1991). Sassen pointed to New York, Tokyo, and London at the head of the command and control of the world economy. Underlying this strategic role was the concentration in the central business districts of these cities of finance and advanced producer services. Sassen's study was followed closely by that of policy-makers and business leaders who sought to raise their own city's profile and competitive advantage in the world economy. Sassen continued to update her research, finding that by 2001 some 20 cities were deemed important global cities and by 2006 the number had risen to 40 or more, although New York, Tokyo, and London remained at the pinnacle of the global cities network. Taylor's (2001) world city network research focused on the intercity networks and shifted focus to quantitative study of global cities.

1.3. The Global City and urbanisation

Urbanisation has often been treated as a global process with the same forces directing urbanisation worldwide. The study of urbanisation in the social sciences is rooted in the Chicago School of urban sociology (Park et al., 1925; Wirth, 1938). Scott and Storper (2015), highlight Manuel Castells (1977) Marxist critique of the Chicago School, faulting it for being neither especially urban and "ideology that obfuscates the more fundamental nature of capitalism as a framework of social organization" (p. 2). Castells joins other Marxists, including Lefebvre (2003) and Harvey (1973) who emphasised the city at its core is "a theatre of class struggle, centered on land markets as machines for distributing wealth upward and on associated political claims from below about citizenship rights to urban space and resources" (p. 2).

Brenner (2004), in the book *New State Spaces* argues "new state spaces", or metropolitan regionalism, is associated with the need for corporate capital to restructure and re-territorialise space and governance to better meet its needs in the current phase of global capital. Thus, urbanisation and the rescaling of the state are presented as a universal phenomenon responding largely to external and economically determined forces rather than local circumstance or politics. Storper (2013) adds social and political factors to economic forces shaping urbanisation and economic regionalism in *Keys to the City*. However, it still implies an urban process that is global in nature (Robinson & Roy 2016). More recently, Brenner and Schmid (2011, 2015) have pointed to the emergence of "planetary urbanization" where the city, suburb, and rural hinterlands are joined in an extended urbanisation. The relevance of the city as "an analytical social science tool" is seen as "obsolete" (2011, p. 12). It includes all space wherever it is that "have become integral parts of the worldwide urban fabric (2011, p. 12).

1.4. Neoliberal urbanism and urban politics

Scholars have outlined the main features of governance and urban policy in global cities, which embrace *neoliberal urbanism* (e.g. Clement & Kanai, 2015). The primary features are market centric policies, including an emphasis on free trade and globalisation as the principal focus on economic development policy. At the national and state (provincial) level, there is a retreat from the welfare state, including deregulation, budget cuts primarily focused on welfare programs, and the promotion of free trade policies. At the local level, global cities aim to be more entrepreneurial and focus on land use and infrastructure policies designed to ensure economic competitiveness and meet the needs of the finance and advanced producer services sectors of the economy. Large municipal governments generally face severe fiscal stress as revenue support from above declines due to budget and tax cuts, while local revenue often is limited due to legal constitutional constraints and pressure in the era of neoliberalism to keep taxes low.

The governance of global cities also has shifted in the era of

neoliberalism. The hierarchical state, with its command and control in formal city government, is greatly incapacitated by declining resources, particularly tax receipts, yet it has greater responsibility for service provision and infrastructure, while receiving less money from above (Brandtner, Höllerer, Meyer, & Kornberger, 2016). Governance now requires linking the power of the state(s) (local, regional, state, federal, i.e., multilevel governance) with informal actors. Governance is thus non-hierarchical and requires the linking of public and private, formal and informal actors to pursue common goals. So, governance takes the form of networks, urban regimes, public-private partnerships, and establishing public authorities (Brandtner et al., 2016; Rhodes 1996; Savitch & Vogel, 2000). Brandtner et al. speak of the need to have “processes of control, coordination, and regulation” and to develop “consensus” about policy objectives, how to structure relationships and coordinate activities, and be accepted as “legitimate” (2016 p. 3).

1.5. Critical urban studies and the Global City thesis

The rise of critical urban scholarship highlighted the biased nature of the Anglo sphere study of global cities, which has marginalised many cities in the global south (see Mirafteb & Kudva, 2014). First, according to Robinson (2006) and Robinson and Roy (2016) almost exclusive focus on finance and advanced producer services overlooks many “ordinary” cities. Economic globalisation is too narrowly focused and overlooks important contributions to the world economy and culture made by many cities beyond places like New York, London, and Tokyo. Although primarily concerned with the global south, this vein of research also pointed to the limited number of global cities that were generating urban theory and knowledge. As we shall see, this theme will have significance for the study of urbanisation and development in Sydney.

Critical urban scholarship research has been advanced by two edited volumes in the last decade, Davies and Imbroscio (2010), *Critical Urban Studies*, and Brenner, Marcuse, and Mayer's (2012), *Cities for People: Not for Profit: Critical Urban Theory and the Right to the City*. Davies and Imbroscio frame the question as one of challenging orthodoxies, particularly focused on urban politics as a subfield of political science. The volume calls for resisting the hegemony of positivist social science that largely accepts pluralists accounts of urban politics. Traditional urban politics scholarship neglects significant biases of the political and economic structure that leads to severe inequality and greatly compromises the quality of life and democracy in communities. What unites the works in the collection is to provide more space to urbanists to develop a critical urban perspective and methodology than usually permitted in mainstream social science disciplines.

Going a step further, Brenner et al. (2012) join the battle “to roll back contemporary profit-based forms of urbanization, and to promote alternative, radically democratic, and sustainable forms of urbanism” (p. i). In the authors' words, “the slogan, ‘cities for people, not for profit,’ sets into stark relief what the contributors view as a central political question involved in efforts, at once theoretical and practical, to address the global urban crises of our time” (p. i). The authors target “neoliberal forms of urbanization” that favour corporate and banking interests in economic policy making and city building. The authors outline various efforts by citizens and social movements to resist and challenge the way capitalism is organised and operates in the city. The authors argue that “[h]uman social needs,” rather than “capitalist profit making” are what the city's priority should be (p. 2).

Applying critical studies to global cities research, we might benefit from Robinson's (2016) reminder that the real value of the global city label was in “marking a major break in policy agendas ... from redistribution and quality of life to economic growth and global competitiveness” (p. 270). She points out that the most common attribute scholars treat, namely advanced producer services to characterise and describe global cities “is both inaccurate and analytically meaningless for the study of wider processes of urbanization” (p. 270). The lesson is

not to abandon the study of global cities but to avoid both economic determinism and to engage in more nuanced comparative urbanism.

The primary insight to be gained for our study of Sydney from this review is that a more balanced treatment of urban policy and governance in the global city is necessary. Current understanding of global urban politics presents a very compelling but distorted view of the emergence, governance, and policies in global cities with a single narrative. But in practice, the narrative is much more nuanced and open-ended. Moreover, the global city thesis often narrows the focus of urban policy to economic competitiveness, whether in terms of a city striving to raise its profile vis-à-vis other cities (i.e., rankings) or promoting policies that favour one economic sector, finance and advance producer services, over all others. The critical urban perspective also highlights how the global city narrative leads to a distortion of urban policy as leaders focus on policies to promote economic competitiveness and overlook broader concern with the quality of life for people in the city. In other words, social justice or equity are treated as secondary issues or even harmful to economic competitiveness of the city. At its root, the global city thesis frequently leads to an overly economic deterministic portrayal of global cities.

1.6. The case of Sydney in comparative context with a policy focus

Our methodology for the study of global city Sydney is distinctive and significant in several ways. First, we undertake a *heuristic case study* of Sydney to have a dialogue with the global city thesis that continues to dominate urban studies. In employing the heuristic approach, the Sydney case is used to assess and refine the global city thesis outside of the Euro-American cases that dominate urban theorising. Second, we take a *policy focus*. Studies of global cities have concentrated almost exclusively on economic competitiveness. We enlarge the focus by more comprehensively studying the top issues facing global cities and the urban policies put in place to address those problems including local government reorganisation, economic development, land use and transportation, housing, and climate change. Third, we take a *critical perspective* to ensure that we move beyond the single-minded attention on economic competitiveness and carefully examine the global city narrative. The focus on the individual detailed accounts of urban policies in Sydney and New South Wales highlights the importance of institutional arrangements and politics. This also helps counter the economic determinism embedded in planetary urbanism accounts of globalisation and cities.

Sydney has emerged as a major global city in the Asia-Pacific (Baum, 1997). Yet, the formal City of Sydney is a weak jurisdiction with very limited territorial boundaries and authority (McNeill, Dowling, & Fagan, 2005). Global city Sydney is a fiction or analytical concept rather than a municipal jurisdiction. Who then speaks for this core global city? McNeill et al (2005) argue that a foundational narrative has been constructed to elevate the role and importance of the central areas, such as when the British arrival in 1788 was recreated at Circular Quay for the bicentennial in 1988 and again in 2000 when Olympics coverage used Sydney Harbour as the focal image point for Sydney. The City of Sydney is a small part of the city-region, accounting for only about four percent of the metropolis. Sydney lacks a metropolitan or regional government and has few regional collaborative processes or platforms. Rather, the global city strategy of Sydney is shaped and directed by the state of New South Wales (discussed extensively below). Thus, the typical global city narrative of the dynamic local political leaders guiding and shaping the global city to enhance economic competitiveness does not fit the experience of Sydney. This narrative has, however, been used to justify restructuring local governance and development agendas promoted by the Committee for Sydney, a group of local civic and business leaders in Sydney, which has also gained some traction in their quest to influence state government.

Critical urban scholarship has called for the dominant “Euro-American legacy of urban studies” to be reopened to allow for greater

recognition of the variety of urban experiences around the world (e.g., Robinson & Roy, 2015). This critique is aimed at the marginality of the global south in urban theorising. However, dominant urban theories are also incomplete in their application to Sydney and Australia (e.g., Scott & Storper, 2015). Here we review the global city thesis as it applies to Sydney, consider the nature of the urban problems and current solutions pursued in Sydney and the implications for the study of global cities. For example, we do not find that political decentralisation and devolution are associated with globalisation in Sydney, which scholars often point to as a worldwide trend (Tsukamoto & Vogel, 2007). Rather, in the case of Sydney, we find increasing centralisation under the authority of the state of New South Wales (see Sections 2 and 3). Nonetheless, government and civic leaders have adopted the global city narrative as the worldview, which in large measure is driving their general policy orientations and proposed solutions.

However, there is more than one narrative of global city Sydney. Brandtner et al. (2016) suggest that to study governance in the global city requires identifying the “configuration of governance,” which is created when some set of government and non-government leaders or actors set a common goal in “strategic texts” that present a “grand narrative” of the nature of the problem and the consensus on what should be done, including specifying what actions different actors need to take (p. 6). Studying “Sustainable Sydney 2030,” Brandtner et al. (2016) identify the general global city strategy developed through a City of Sydney planning process. This narrative and strategy presents the city as facilitator promoting a green strategy that citizens determined. This is contrasted with the competing narrative promoted by the Committee for Sydney on behalf of the local business leadership that has received some support from the state of New South Wales. In that narrative, the global city Sydney requires a more efficient local governance and a metropolitan vision.

Baker and Ruming (2015) examine the “worlding” of Sydney highlighting the benefit of a critical perspective. The authors find the global city as revealed in strategic planning documents reflects selective global urban realities determined from above (i.e., the state government). However, the comparisons and standards underlying the strategic plans favour some visions over others and are not necessarily appropriate given local conditions or lack of evidence that best practices are accurate or desirable. Rogers (2014) employs discourse analysis to illustrate how a “discourse of obsolescence” has been used to justify destruction of public housing in Sydney. Both of these studies illustrate the utility of a critical perspective. These studies sensitise us to the need for a more careful review of globalisation as it enters applied urban policy analysis and the importance of the global city narratives used to further globalisation.

Our method is to undertake a *heuristic* case study of global city Sydney and consider whether the global cities thesis both explains the rise of global city Sydney as well as accounts for the dynamics or urban politics and policy in the city. A heuristic case study is one where

case study [is] deliberately used to stimulate the imagination towards discerning important general problems and possible theoretical solutions. That is the essence of heuristic case studies (heuristic meaning ‘serving to find out’). Such studies ... tie directly into theory building, and therefore are less concerned with overall concrete configurations than with potentially generalizable relations between aspects of them. Eckstein, 1975, p. 104.

While there are other studies of globalisation and global cities that focus on Sydney (e.g., Baker and Ruming 2014; Rogers, 2017), there are few studies that examine the politics of globalisation within cities and more specifically that examine the key urban problems facing global cities in some detail. There are selective studies of how globalisation is reshaping urban politics in Sydney (MacLeod, 2011), local and metropolitan planning (Davidson & Arman 2014; Forster, 2006), and economic competitiveness (Hu, 2015; Hu, Blakely, & Zhou, 2013). To our knowledge, there are no studies that carefully study the key urban

problems in cities in a comprehensive way in global cities generally or in Sydney specifically. This leads us to undertake a *comparative policy study* of global city Sydney that embraces a heuristic and critical perspective in examining the global city thesis. This ensures that politics and policy take centre stage in our analysis.

1.7. Escalating inequality and the neoliberal project

Sydney is characterised by a combination of particular early settlement patterns, constrained geography, increasing migration, extremely fragmented governance and is dominated by urban sprawl. Since the 1980s Sydney has also been profoundly affected by economic, social and technological transformations and this impact has been spatially uneven (Beer & Forster, 2002; Ryan & Selim, 2017). Often the most severe disadvantage is concentrated in the outer and middle suburbs of Sydney (Pawson, Davison, & Wiesel, 2012). This has in some ways fuelled the stereotype of western Sydney as “disadvantaged” (Beer & Forster, 2002). This image of a poor western Sydney is coupled with the poor accessibility to services and employment (Beer & Forster, 2002) and very long travel to work times leading to a dichotomy between the west and the east. If Sydney continues to proclaim its global city position, then a key question is: a global city for whom (Ryan & Selim, 2017)?

The spatial structure of Sydney has become increasingly complex (Forster, 2006). Spatial inequality in Sydney is evidenced by markedly different employment location, journey to work patterns and access to public goods. In Sydney residents in the city, Inner East and Inner West, and the North Shore are more likely to have higher weekly incomes than those living in the western parts of Sydney (see Section 3). Although having transport for journeys taken regularly is equally important to those on high and low household incomes, eastern Sydney residents are more likely to have the transport they need in comparison to western Sydney residents (see Section 4). Perhaps of greater concern is that the relatively well-off, most influential citizens are largely unaware of the living conditions of their less advantaged fellow city residents.

The factors outlined above are exacerbated by neoliberal thinking, prioritising individualist, small government, market oriented beliefs promoting property for profit and absent of state interventions to address increasing spatial disadvantage. However, the neoliberal project is far from hegemonic as presented by global city scholars (Centeno & Cohen, 2012). This is especially true in the case of global city Sydney, New South Wales, and Australia. As we have already seen, there is certainly an alternative to neoliberalism to be promoted by the variety of voices in Sydney – of which the city of Sydney is a salient example – and it is not at all clear whether the Committee for Sydney’s global city agenda will prevail. Here, Sydney illustrates the contested nature and incomplete adoption of the economic determinism embedded in orthodox global city thesis.

The policy interventions – those which seek to support economic growth and aim to increase housing around public transit through private sector urban renewal – are largely absent of any understanding that inequality impedes realisation of the benefits of economic growth and the very outcomes sought by global city positioning. Indeed, “the metropolitan planning strategies suggest an inflexible, over-neat vision for the future that, however well-intended, sits dangerously at odds with the picture of increasing geographical complexity that emerges clearly from recent research on the changing internal structure of Australian cities since the early 1990s” (Forster, 2006, p. 180). Citizens have little influence in shaping the metropolitan vision or specific urban renewal initiatives. Public participation is dominated by the concerns of government-backed property interests, which privilege support for economic growth through a rather limited strategy of increased housing supply. Moreover, property owners try to protect the homogeneity and amenity of their locales from increased transit and services impacts, which is often disguised as environmental protection. As the inequality worsens, Sydney as a global city is at risk.

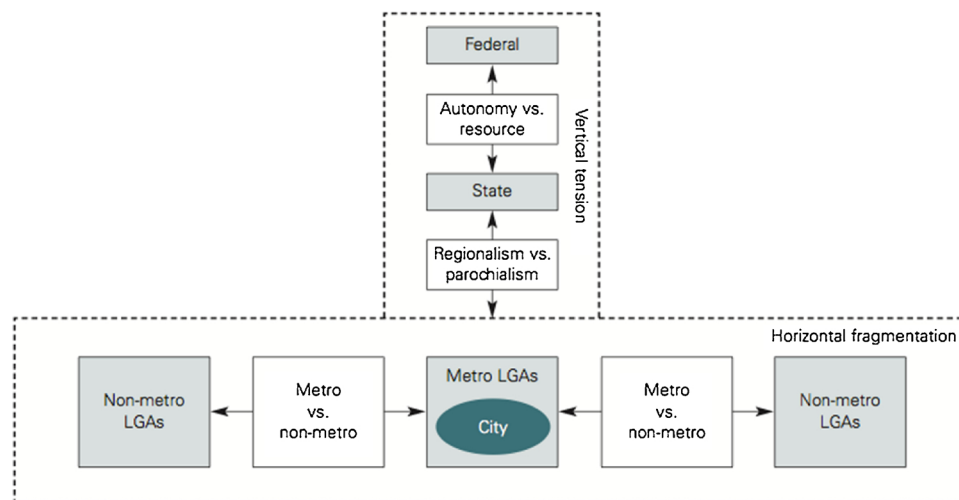


Fig. 1. Lines of conflict in the governance of Australia's metropolitan areas.
Reprinted from Blakely and Hu (2007).

Metropolitan area	Overall population	Population outside core city	Number of Local governments	Median population of Local government	Local governments per 100,000	Index of geopolitical fragmentation*
Sydney	3,948,015	99.05%	45	70,009	1.14	1.2
Melbourne	3,339,269	98.19%	31	113,696	0.93	0.51
Brisbane	1,553,825	43.77%	7	118,531	0.45	0.008
Perth	1,325,392	99.16%	30	27,661	2.26	2.69
Adelaide	1,080,611	98.48%	19	44,763	1.76	1.16

Source: Australian Bureau of Statistics, 2001 Census Data for the Capital City Statistical Divisions.

*This index is computed by dividing the number of Local governments per 100,000 inhabitants by the percentage of the overall metropolitan population residing in the core city (Zeigler and Brunn 1980).

Fig. 2. Administrative fragmentation of metropolitan Sydney compared to other Australian metropolitan areas.
Reprinted from Kubler (2007).

2. Governing global city Sydney

2.1. Introduction

The global city is an analytical concept rather than an authoritative

jurisdiction. Who then decides what boundaries, infrastructure, services, and policies to adopt and what political institutions or processes are used to make these decisions? This section outlines the evolution of global Sydney's fragmented governance system, and more recent efforts to develop strategic capacity to manage a city that now numbers close

Sydney's Coalition Actors

Government Organizations

- Department of State and Regional Development
- NSW Planning
- Premier's Department
- Sydney City Council

Private Sector Organizations

- State Chamber of Commerce
- Property Council of Australia
- Retail Traders Association
- Australian Business Ltd.
- Australian Industry Group
- Tourism Taskforce
- Committee for Sydney
- NSW Urban Taskforce

Non-governmental Organizations

- Labor Council of NSW
- Total Environment Centre
- National Trust
- Heritage Council

Government organisations

- Premier's Department
- Department of Planning
- Department of State and Regional Development
- City of Sydney Council & suburban councils
- Local Government and Shires Association NSW

Private organisations

- NSW Business Chamber
- Sydney Chamber of Commerce
- Committee for Sydney
- Urban Development Institute of Australia
- Property Council of Australia
- Housing Industry Association
- NSW Urban Taskforce

Non-governmental organisations

- Union NSW
- Council of Social Services of NSW
- Total Environment Centre
- National Trust
- Heritage Council

Fig. 3. Identifications of Sydney's governing coalition showing relative stability of actors and some fluidity.
Reprinted from McGuirk (2003) and Blakely and Hu (2007).

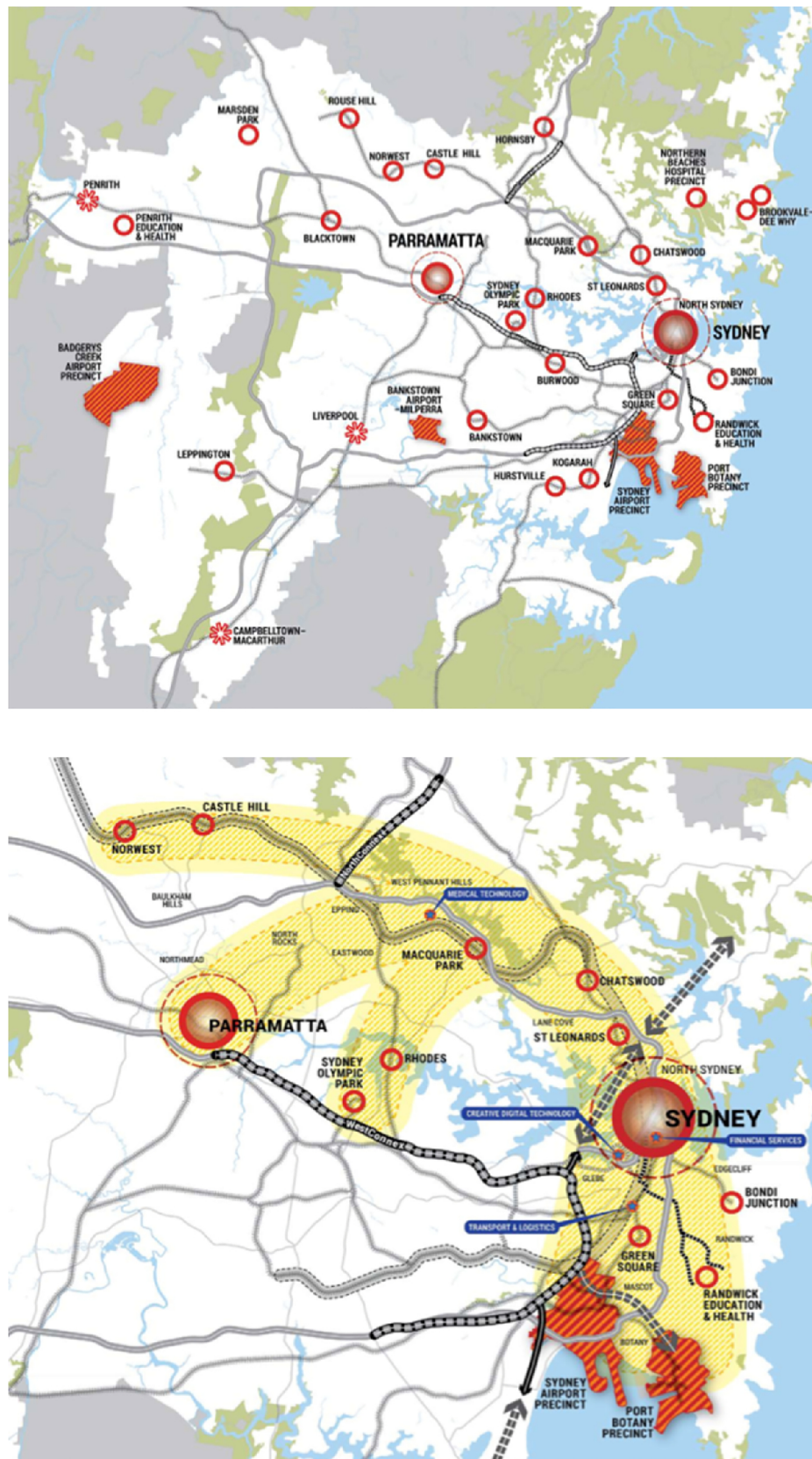


Fig. 4. Sydney's strategic centres and the Global Economic Corridor, 2015.
Reprinted from Department of Planning and Environment (2015).

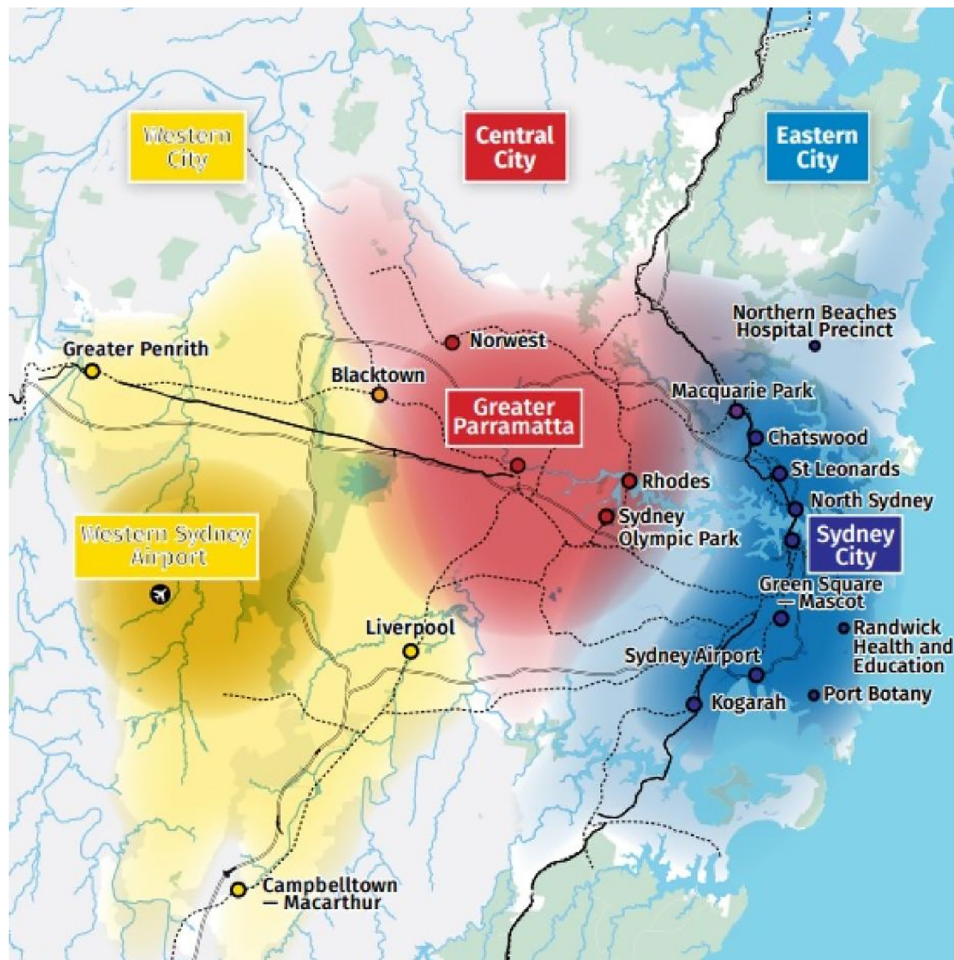


Fig. 5. Greater Sydney's Three Major Centres.
Reprinted from Greater Sydney Commission (2016).

to 5 million people. There is a lack of correspondence between the scale of the Sydney metropolis and the organisation of the local state. New ways of planning and governing Sydney that acknowledge and understand how it works as a global city are needed. New institutional structures or processes able to reconcile a broad range of urban antagonists are required to harness, deliver and distribute the benefits of globalisation whilst countering the local impacts of urbanisation.

First, we consider the functions of governing, the governance of global city regions and then the historic and current governance arrangements in Australia at the local, state and federal level. Then we discuss the governance of Global Sydney and the implications thereof. Next we review the current endeavours to reconcile the global and the local through state-led land use planning. This section concludes with an assessment of current governance arrangements for Global Sydney.

2.2. The task and functions of governing

There are two functions in the governing task. First, deciding on collective goals, such as wellbeing, liveability or economic growth; and, second, coordinating resources for delivery of services which realise these goals (Hambleton & Simone Gross, 2007; Kübler, 2005). Traditionally, territorial political processes decide goals through election of governments offering different service packages. Once elected, governments use administrative and legal power and authority to allocate resources to service delivery.

There are three approaches to discharging these governing functions

at metropolitan scales: metropolitan government; public choice; and new regionalism (Kübler & Randolph, 2007; Savitch & Vogel, 2009). Each represents different ways to determine collective goals and co-ordinate delivery of services (Pierre, 2011). Metropolitan government coordinates through administrative and legal power and authority; public choice coordinates through markets to better match service supply and demand; and, new regionalism coordinates through networks cooperating in service delivery (Kübler, 2005).

Metropolitan government and public choice rely on traditional notions of all-powerful governments directing resources towards service delivery. However, regardless of the normative strength of legal and administrative authority, territorially elected governments are ill-equipped to coordinate resources that increasingly flow in and out of territorial boundaries. New regionalism responds to this by relying on government as well as private and non-government actors both within and without a territory to voluntarily coordinate in delivering services.

2.3. Globalisation, the global city and governance

The defining features of globalisation include increasingly porous national borders and more open trade, heightened direct foreign investment, diminished costs of transportation and communication, rapid international movement of capital, and, in advanced economies, the decline of once dominant labour intensive manufacturing industries as they are opened up to global competition (Collits, 2008; Sassen, 2001; Pierre, 2011). Today, in a globalised economy, countries and cities seek

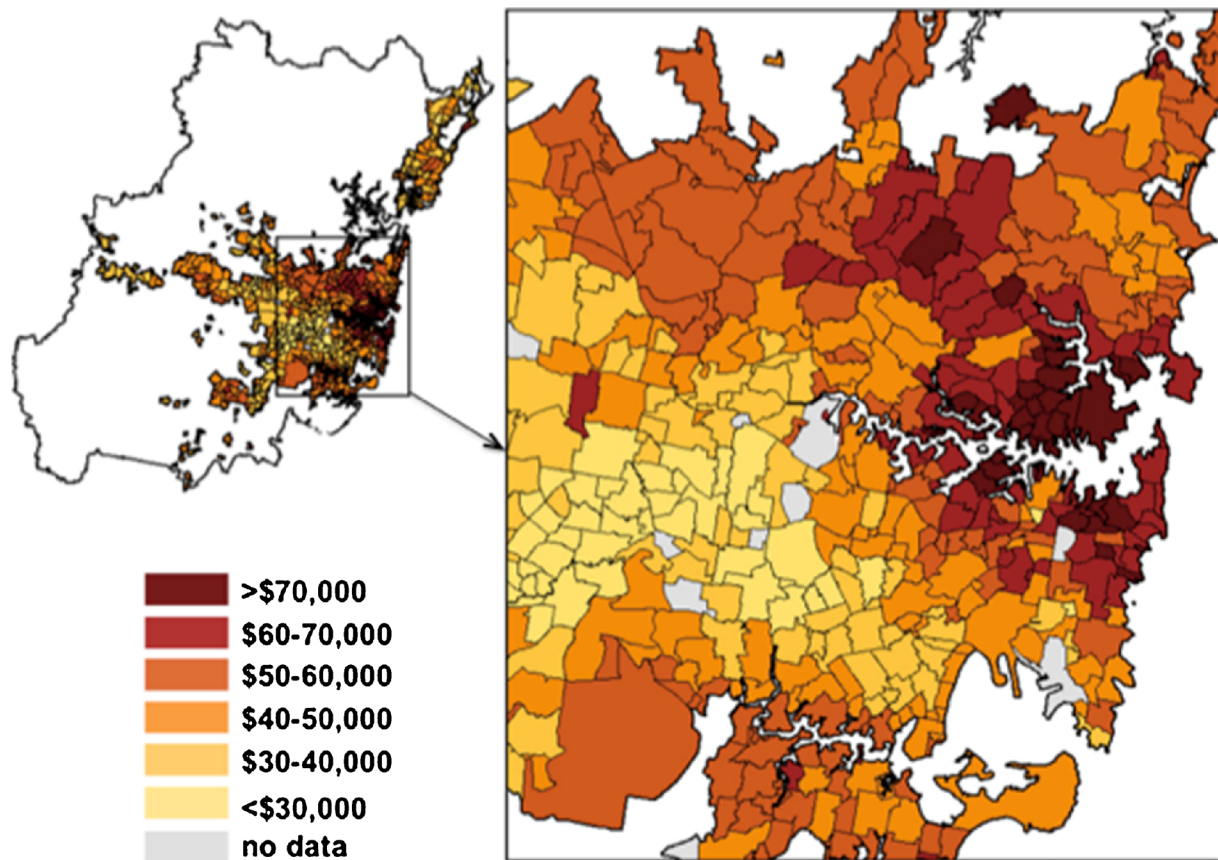


Fig. 6. Median income (residents aged 25–65), 2011.
Reprinted from Kelly et al. (2013).

to create competitive advantage by lowering taxes to attract capital (Hambleton & Simone Gross, 2007).

In an increasingly urbanised world, local place qualities are playing a more prominent role in determining competitive advantage (Herrschel & Newman, 2002). Some places are naturally advantaged as strategic locations for increasingly mobile capital flows and highly skilled labour (e.g., close to trade routes, cosmopolitan or picturesque environments). Swyngedouw (2004) refers to this as “glocalisation”, where globalisation favours certain local places over others. However, Feiock, Tao, & Johnson (2004) argue sophisticated telecommunication systems have reduced the need for capital to be located close to labour and, as agglomerations of local places, cities increasingly face a need to work together as regions to derive benefits from their competitive and natural advantages.

The implications of globalisation and urbanisation for the economies and governance of cities are profound. Increasing spatial mobility of labour and capital means globalisation and urbanisation are intertwined (Kubler & Heinelt, 2005; LeGates & Stout, 2015). Economic competition between cities and regions has grown, contributing to uneven development at the city, regional and global scale as labour and capital favour competitively advantaged locations over those without such advantage (Savitch & Vogel, 2009; Post, 2004; Hambleton & Simone Gross, 2007). There is broad agreement among scholars that addressing this uneven development lies at the heart of governing urban regions in a globalised and urbanised world (Hambleton & Simone Gross, 2007; Herrschel, 2014; Pierre, 2011; Healey, 2011; Fainstein, 2010; Wheeler, 2002).

2.4. Sydney historically

Rail lines and Sydney Harbour have reinforced the primacy of

metropolitan Sydney, providing rural traders with access to markets and seaports, facilitating inward flows of rural and overseas migrants, and generating substantial employment opportunities in Sydney’s early days (Auster, 1987). Increasing economic prosperity in the early 19th Century enabled affluent middle class citizens to flee high density, pollution ridden, substandard housing in the inner city for new low-density housing in garden suburbs, which at that time were emerging along rail lines (Department of Infrastructure and Regional Development [DIRD], 2014).

From the mid-1940s, the rise of manufacturing based industries saw further increases in prosperity and demands for better housing and urban services (Power & Wattenhall, 1976). Following world war two (WW2), there was a need for housing and employment for returned service people and availability of affordable land saw major Federal Government public housing programs create new urban centres beyond the early garden suburbs (DIRD, 2014; Meyer, 2014). These were largely detached from public transport and sparked a long period of car dependent suburbanisation that changed metropolitan Sydney’s spatial structure from mono- to poly-centric, which has been reinforced ever since by a centres-based approach to metropolitan planning (Meyer, 2014).

The 1950s saw suburbanisation continue at a rapid pace as spatial mobility transitioned to more thoroughgoing car dependency (DIRD, 2014). Federal Government housing policies favoured single detached dwellings as the dominant form of housing and saw large tracts of land on the outer edges consumed for large scale housing and retail developments, supported by substantial growth in private vehicle ownership and major public road building programs (DIRD, 2014). This development trajectory was characterised by inadequate provision of public transport and utilities infrastructures and resulted in socio-economic division, unequal access to employment, and environmental

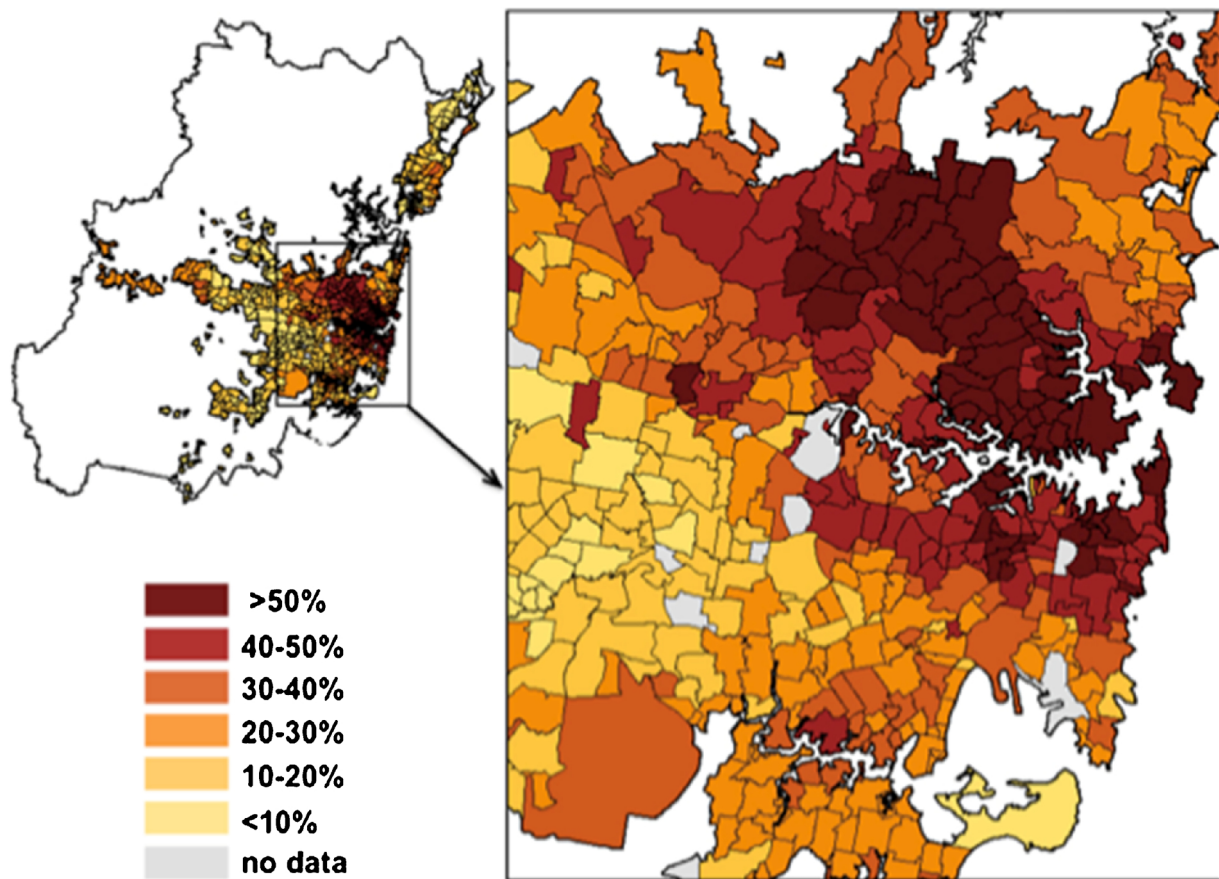


Fig. 7. Percentage of residents (aged 25–65) with a university degree, 2011. Reprinted from Kelly et al. (2013).

degradation of Sydney's rural hinterland (Spearritt, 2000). Growing public consciousness of the externalities of this trajectory has seen more recent metropolitan plans increasingly favour compact city policies and a concentration of development around existing centres and public transport nodes (DIRD, 2014).

In the early 1970s, the Whitlam Labor federal government directed the states and territories to remedy the infrastructure backlog through conditional funding from the Federal Government Grants Commission (DIRD, 2014; Spearritt, 2000). The late 1970s through the 1980s saw removal of industry tariff protections and significant national economic restructuring. As the Australian economy opened up to global markets, manufacturing industries declined and there were significant job losses, particularly in the suburbanised outskirts of Australia's metropolitan areas (DIRD, 2014).

The 1990s onwards has seen intense inner-city gentrification. The rise of service industries and competition to attract global capital and highly skilled labour has again altered Sydney's spatial structure (DIRD, 2014). Areas that historically were predominantly working class have become highly sought after by the middle classes. Former inner city warehouses have been replaced by high quality residential, commercial and tourism developments that, combined with the picturesque harbour side environment, have produced global city amenity (Bounds & Morris, 2006; Spearritt, 2000). At the same time, continuing suburban expansion and under-investment have compounded the earlier trends towards spatial socio-economic inequality and infrastructure backlogs, particularly in Western Sydney (Division of Local Government, 2013).

2.5. Governance of the Australian metropolis—an historical overview

Australia is one of the most urbanised and metropolitanised

countries in the world (Parkin, 1982; Kubler, 2007). It is a nation of cities, where almost 90% of the population live in 18 cities with a population greater than 100,000 (Major Cities Unit, 2013). Broadly, all of Australia's metropolitan areas have followed similar development trajectories (DIRD, 2014). They have formed around Australia's major colonial era settlements of Sydney, Melbourne, Brisbane, Perth, Hobart and Adelaide.

Prior to Federation in 1901, Australia's metropolitan areas were governed by a two-tier system. Each colony had its own government and military responsible for administering economic, land, trade and civic order matters (DIRD, 2014). These governments established local administrations to respond to street-by-street demands, with the will of a few individuals often determining collective goals (DIRD, 2014). Following Federation, Australia's three levels of government all had a significant role in governing metropolitan areas (Collits, 2008).

The Australian Constitution assigns direct responsibility for cities to the states. State governments provide local governments with financial assistance, develop policies for urban development and infrastructure provision through metropolitan scale planning, and provide most major urban services, including public housing and transport, roads, education, health, recreation and cultural services and key utilities such as water and electricity (Collits, 2008).

The federal government's control of immigration, trade, welfare and, from time to time, housing policies has had significant consequences for population growth, economic opportunity, housing investment, social composition, and infrastructure provision in cities. Local governments provide services including drainage and sewerage, and receive revenues from higher levels of government to provide infrastructure and services at the local level, including recreation, community and cultural facilities. They also play a significant role

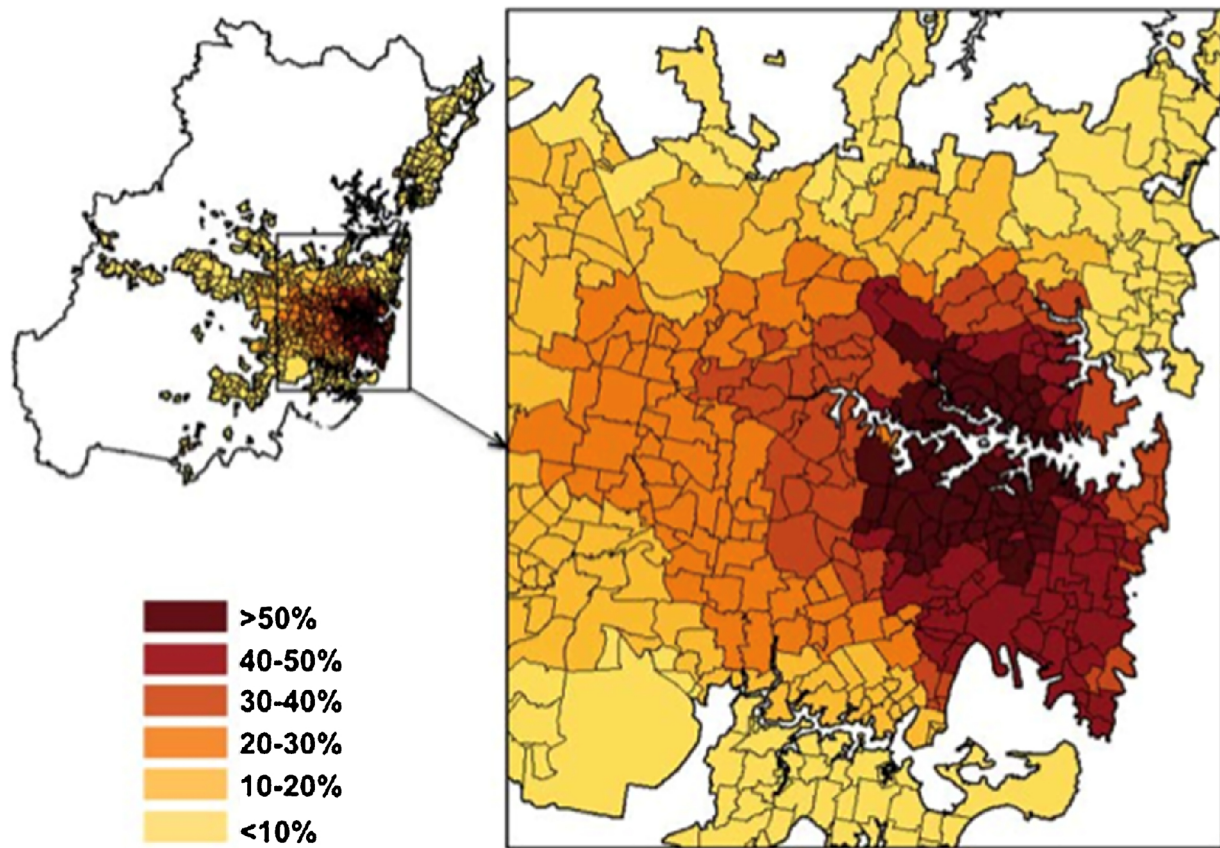


Fig. 8. Percentage of jobs that can be reached in a 45 min car trip, 2011. Reprinted from Kelly et al. (2013).

implementing metropolitan planning through local strategic planning and regulation of development and building standards.

Metropolitan primacy and the division of government responsibilities engender vertical and horizontal conflicts in the governance of Australia's metropolitan areas (Collits, 2008). The Federal Government collects a large share of tax revenue (Figs. 1–8). In 2014–2015 this revenue equated to \$357,406 million, whilst the states collected \$73,640 million and local governments \$15,779 million (Australian Bureau of Statistics, 2016). These disparities often result in conflict between each level of government over how tax revenues should be spent to provide urban services and infrastructure (Kubler, 2007).

Responsibility for local planning regulations establishes a veto power for local governments over metropolitan outcomes, often resulting in conflict with state governments (Collits, 2008). Historically, rural areas have made a greater economic contribution to state and national economies when compared with metropolitan areas (Spearritt, 2000). Yet the greater population size of metropolitan areas and growing role as trade hubs enhanced their political influence (Spearritt, 2000). Although the economic contribution of rural areas has declined, conflict between non-metropolitan and metropolitan areas and prioritisation of the latter's interests has been prominent in policy-making (Kubler, 2005).

High levels of urbanisation and metropolitan primacy have enhanced Australia's national competitive advantage as it is not reliant on one metropolitan area to drive the economy (DIRD, 2014). However, while national wellbeing is closely tied to Australia's metropolitan areas, they all suffer a governance gap (Gleeson et al., 2012). According to Gleeson et al. (2012), this arises from governmental fragmentation and lack of clear responsibility for the metropolitan scale, and the absence of democratic forums for metropolitan citizens to express a collective will. As a result, state government metropolitan plans have

indirectly filled this gap; although, as Forster (2006) observes, it is unclear whether they have been successful in doing so.

There have been times when the Federal Government has led the most vigorous and direct attempts to address this governance gap, which Marshall, Dollery, and Witherby (2003) consider an indictment on the conservatism and parochialism of local government across Australia. The Whitlam Federal Government's (1972–1975) significant interest in urban and regional affairs saw the establishment of the powerful Department of Urban and Regional Development (DURD). DURD sought to engage in adventurous Federal Government organisational restructuring to reduce public service duplication and advance the socio-economic conditions of regions (Power & Wettenhall, 1976). Much of this work focused on defining regional boundaries and, through conditional grants tied to co-operation between groupings of local governments, establishing regions as the most appropriate unit for the administration of policy (Power & Wettenhall, 1976). Although excited by additional funding, most local governments did not share the Federal Government's commitment to regionalisation and sought to secure funding whilst retaining as much of their independence as possible (Power & Wettenhall, 1976).

Upon installation of the Liberal Federal Government in 1975, the DURD was abolished and the task of reducing duplication fell to the newly established Administrative Review Committee (Power & Wettenhall, 1976). Since then, Federal Government attention on metropolitan areas has flowered under progressive Labor Governments in the late 1980s to early 1990s, and late 2000s (Marshall et al., 2003; Dawkins, 2010). New funding and programs have sought to: encourage collaboration between local governments, business and higher levels of government; develop more efficient management practices within local government; promote public-private partnerships as infrastructure funding mechanisms; and establish nationally consistent criteria for the governance of metropolitan areas, including increased community

participation and better inter-governmental coordination in metropolitan planning (Marshall et al., 2003; Dawkins, 2010; Council of Australian Governments Reform Council, 2012).

2.6. The governance of the Sydney city-region

Metropolitan Sydney's governance is highly fragmented and the metropolitan area has a very dispersed population, both compared to Australian and similar global cities (Kubler, 2007; Blakely & Hu, 2007). Sydney's fragmented governance has three origins that pre-date Federation (Miller, 1954a; Larcombe, 1978). First, isolated spatial communities developed on the harbour edges, accessible only by boat, which fostered distinctive local identities. Second, these communities were able to incorporate local administrations through petitions of as few as 50 individuals. Third, well before Federation, a patchwork of government, private and non-government bodies provided public services across overlapping areas (i.e. a public choice approach was followed although not framed as such) (Larcombe, 1978).

Table 1

Index of geopolitical fragmentation for metropolitan Sydney compared to similar global cities.

Index of geopolitical fragmentation ^a	
Sydney	0.27
Frankfurt	0.0113
London	0.008
San Francisco	0.00677
Shanghai	0.00218
Toronto	0.000877

Note: Blakely and Hu (2007).

^a This measures the probability that two randomly selected residents across the metropolitan area will live in different territorial jurisdictions. It ranges from 0 (total consolidation, lowest probability) to 1 (extreme fragmentation, highest probability) (Lewis, 2004).

Since Federation, three routes have been pursued to address this fragmentation including calls for metropolitan government and institution of metropolitan planning; creation of Regional Organisations of Councils; and fostering institutional partnerships (Kubler, 2007; Blakely & Hu, 2007). For Kübler and Randolph (2007), these routes reflect two overarching trends in Sydney's governance: political dominance of the State Government over local government amid an absence of Federal Government intervention; and a patchwork of sub-regional governance by a fluid but identifiable network of actors drawn variously from the government, private and non-government sectors (Table 1).

Analyses of governing Sydney as a metropolitan spatial entity have focused on three key aspects. These are: inter and intra-regional competitive advantage; existence of and changes in the balance of power between entrepreneurial or more equitable governing agendas; and dominance of the Council of the City of Sydney (confined to the inner CBD) in representing metropolitan Sydney (McGuirk, 2003, 2004; Acuto, 2012; McNeill et al., 2005; Kübler, 2005; Blakely & Hu, 2007; Cook & Ruming, 2008; Kübler & Randolph, 2007; Marshall et al., 2003).

Metropolitan Sydney has features of both inter- and intra-regional competitive advantage. McGuirk (2003) argues Sydney realises uneven economic benefits through its privileging by Federal and State Government central agency investment strategies, which ensure it does not have to compete with other metropolitan areas for funding. For Dawkins (2010), this is reflective of growing lack of confidence in state planning agencies to produce credible metropolitan plans, and part of a broader shift in responsibility for metropolitan planning towards central agencies.

The natural advantages of a picturesque harbour side environment,

concentration of finance and service sector jobs, and access to major transport and trade infrastructure establish intra-regional competitive advantage for the eastern part of Sydney in attracting global capital and highly skilled labour (McGuirk & O'Neill, 2002). In concert with the global city amenity and existing high quality infrastructure in the east, Kubler (2007) suggests this may reduce the willingness of local governments in the east to meaningfully cooperate in implementing metropolitan goals. However, Kubler (2007) also observes the recent focus of metropolitan plans and infrastructure strategies on Western Sydney reflects changing competitive advantage.

Observers suggest there is a relatively stable, well-established group of public, private sector and non-government actors governing Sydney (Blakely & Hu, 2007; McGuirk, 2003). McGuirk (2003) finds general and specific interest groups capture business elites in an overlapping network of finance and business services, property development and investment, manufacturing, retail and tourism organisations. For Blakely and Hu (2007), these elites - confined to the inner-metropolitan area - have been the real actors governing Sydney, pursuing their interests through government advisory committees and taskforces, and business forums and roundtables.

McGuirk (2003) highlights the rise of the Committee for Sydney as a new governing actor, aggressively promoting and lobbying for Sydney's competitiveness. Founding members of the Committee, taking a thoroughly governance inspired approach, considered the public sector incapable of pursuing a competitive-city agenda and their initial focus on high capacity infrastructure for eastern Sydney has recently expanded to include the west (Acuto, 2012). Similarly, in 2009, the Sydney Business Chamber re-scaled its operations through the Western Sydney First initiative (Sydney Business Chamber, n-d). This re-scaling of Global Sydney can also be seen in the more recent emergence of government advisory committees and taskforces, and business forums and roundtables focused almost exclusively on the west, such as the Western Sydney Airport Alliance.

In contrast, non-government actors predominantly aligned to the community sector have exerted influence at the local government level. Non-government actors have not been confined to the inner-metropolitan area and, whilst informally consulted on specific policies and proposals, have not enjoyed high involvement in government committees and taskforces (McGuirk, 2003). In concert with local government veto power over metropolitan outcomes, this has rendered local civic arenas crucial to effectively governing metropolitan Sydney (Kubler, 2007).

Hu (2012a, 2012b) assigns credit for achieving the Global Sydney vision of the mid-1990s to 2000s to shared planning aspirations for livability, accessibility and high quality urban design, and cooperation between the City of Sydney, State and Federal governments, most of which were progressive governments during this period. Blakely and Hu (2007) observe the City of Sydney now dominates the governing arena through projection of a Global Sydney image set against the iconic Sydney Harbour Bridge and Opera House. Others, however, assign credit to the Sydney Olympics Organising Committee, real estate corporations and advertising agencies in their projection of a global image of the city; something the state government was previously incapable of doing through metropolitan planning (Spearritt, 2000). Either way, Sydney's global city status has been reinforced by recent metropolitan plans privileging the inner metropolitan area as the primary governing arena (Acuto, 2012).

In conjunction with the encouragement of centres-based development through metropolitan plans, the Global Sydney vision has led to hierarchical differentiation between centres (Acuto, 2012). As evidence, Acuto (2012) points to inner Sydney's (supposedly) former equal status on the metropolitan stage and more recent elevation to an area of global significance in State and Federal Government strategies. While centres located in the east (such as the City of Sydney and North Sydney) attract global flows of labour and capital and nearby secondary centres such as Macquarie Park connect the region to worldwide

networks, the city's western centres are left relatively marginalized in a global economy (Acuto, 2012).

This has perpetuated the East/West socio-economic spatial polarization that stemmed from earlier development trajectories. Most recently, the focus of metropolitan planning has shifted towards Western Sydney, with Parramatta now designated as metropolitan Sydney's (still subordinate) second CBD.

A notable and recent exception to this uneven development is the Greater Sydney Commission's *Towards our Greater Sydney 2056* plan (Greater Sydney Commission, 2016). It reimagines Global Sydney's spatial structure as consisting of three major centres around east, central and west Sydney. Although still confining Global Sydney's development model to a centre-based approach, the plan is really the first to explicitly identify the west as a vital component of the Global Sydney governing agenda. What is perhaps also significant in this is the spatial re-imagining of Parramatta as 'central' Sydney and the once almost-forgotten far western parts of the metropolitan area assuming the position of western Sydney.

Acuto (2012) suggests the historic lack of coordination by governing actors in addressing socio-economic spatial polarization through the Global Sydney vision is evidence of an governing agenda that privileges economic considerations whilst giving scant regard to social equity (McGuirk & O'Neill emphasise the socio-spatial contradictions masked by Sydney's more recent governing agenda:

Sydney is ever talking of Sydney: its food, fashion, football, news, style, architecture, language, film, schooling, health, books, religion, sexuality, drugs, music. This is propelled in and around the conversation creators and leaders: electronic media presenters, articulate popular politicians, business leaders, community activists, newspaper columnists and those who run the arts. These are the agents of inner Sydney's creation as a spatial community of practice, reinforcing Sydney as the nation's key economic and cultural centre...in many ways, the city has not so much had global status awarded to it as taken the label unto itself (2002, p. 248).

For McNeill et al. (2005), unpacking the lived realities obscured by the Global Sydney vision is fundamental in assessing the success of the Global Sydney agenda. Considering metropolitan Sydney's dominant governing arena, Acuto (2012) suggests the real actors governing Sydney are unaccountable to most. For (McNeill et al., 2005, p. 942), "what characterizes Sydney politics is an inability for one politician to speak for, or to, an identifiable [metropolitan] citizenry". This is a point that other urban scholars, such as Spiller (2013), have illuminated in their own examinations of Sydney's governance. In response, Acuto (2012) argues Sydney's governance requires a dedicated metropolitan-wide arena to counter exclusion of most of the metropolitan area from the governing agenda.

2.7. Contemporary developments in governing Sydney

The reconfiguring of local government has been a major focus of the conservative State Government that came into power in 2013. They have begun to act on the recommendations of the Independent Local Government Review Panel (ILGRP) that was set up by the previous Labor government in 2012. The terms of reference of the ILGRP included structural reform, increasing council own-source revenue, alternative governance arrangements and clearer delineation of state and local government responsibilities (ILGRP, 2014a, 2014b). The Final Report, "Revitalising Local Government", (ILGRP, 2013) provided 65 recommendations. Despite the raft of recommendations media attention and policy debates have coalesced around the recommended amalgamation of local governments (Grant & Ryan, 2015). Under this plan, the 41 councils of the Greater Sydney region would be reduced to 14 (ILGRP, 2013). The ILGRP concluded, "Sooner or later amalgamations will have to be part of the package: the number of councils in NSW has halved during the past century and that trend will surely continue"

(2013, p. 7).

In September 2014, the State Government launched a package called "Fit for the Future". Under Fit for the Future, all the local governments in Greater Sydney were obliged to submit self-assessments, in the form of templates provided by State Government and conforming to one of three options for reform: "Council Merger Proposal"; "Council Improvement Proposal" (which included the option to demonstrate viability to remain a stand-alone council) or the "Rural Council Proposal" (NSW Government, 2015a, 2015b, 2015c). The Government appointed an existing arms-length statutory authority, the Independent Pricing and Regulatory Tribunal (IPART), to assess the proposals of councils. Yet with a seeming disregard for IPART's independence, the State Government directed it to follow the criteria put forward by the ILGRP in terms of "scale" and "capacity", both of which the ILGRP (2013, p.32) had defined broadly, alongside the more economically specific criteria of "sustainability", "effectively managing infrastructure and delivering services for communities", and "efficiency" (see IPART, 2015: 5–6; for a concise discussion; see Grant & Campbell, 2015).

Following lodgement of council proposals at the end of July 2015, IPART called for public submissions on these proposals. In all, 1560 public submissions were received from across NSW. Significantly, the bulk (81%) of these came from just ten council areas largely concentrated in inner metropolitan Sydney. However, and perhaps most significantly, a third of all public submissions (33%) came from the City of Sydney while just over half of all council amalgamation proposals (n = 76) did not receive a single submission.

Only two councils in Greater Sydney embraced the Council Merger Proposal (IPART, 2015). In short, councils in Greater Sydney overwhelmingly rejected the recommendations for amalgamation put forward by the ILGRP and endorsed by the State Government. IPART had concluded that almost all of Greater Sydney councils were "not fit" for the future. The assessment as not fit was based in most cases not on the financial situation of individual councils – in the majority of cases individual councils were assessed as financially robust – but on the basis of the more subjective criteria of "scale" and "capacity" (see Grant, Ryan, & Lawrie, 2015). It was on this basis that it recommended that the Inner Metropolitan councils – inclusive of the City of Sydney – be amalgamated into regional groups, while all nine 'Outer Metropolitan' councils remain 'stand-alone' councils (see IPART, 2015, p. 39–60).

The opposition political party in the State Parliament managed to pass legislation establishing an Inquiry into the workings of IPART with respect to amalgamations. The Inquiry Into Local Government in NSW found IPART did not possess the "demonstrated skills or capacity" to assess councils beyond their finances (i.e. "as democratically responsible local bodies") and that "[t]he projected economic benefits of council amalgamations have been consistently overstated by the proponents of forced amalgamations." A number of councils launched a legal challenge to the forced amalgamations.

In May 2016, despite the substantial resistance of most councils and a great deal of public antipathy, the state government announced that in Greater Sydney 21 councils are to be merged into 12 councils. Councils pursuing court cases against the State Government's amalgamation process have been temporarily spared whilst the cases are resolved. Mayors and councillors of the councils affected have been sacked and an administrator and general manager are running the new councils until local government elections in September 2017. The leader of the state opposition party has stated that if elected in 2019 the Labor party "would create a process for de-merging councils that had been forced to amalgamate" (Saulwick, Kembrey, & McKenny, 2016).

2.8. The Greater Sydney Commission

In early 2016 the NSW government set up a new body called the Greater Sydney Commission (GSC) following a long period of agitation for such a body by Sydney's governing elites. It is tasked with "the Implementation of A Plan for Growing Sydney" and working "closely

with local councils and communities, helping Sydneysiders get the most out of their neighbourhoods and suburbs” (NSW Department of Planning and Environment, 2015). A *Plan for Growing Sydney* describes a hierarchy of plans such that the document itself “is to be read in conjunction with the Government’s *Long Term Transport Master Plan* and *Rebuilding NSW – State Infrastructure Strategy 2014*.” Further, plans for Sydney’s six districts, as devised “in partnership between State Government, local councils and the community” will coalesce underneath the three aforementioned plans (DPE, 2014, 18).

The GSC can be described as sitting on top all of these. It is a dedicated new body with responsibility to drive delivery of the plan and development of future plans (DPE, 2014). Whilst the envisioned role is substantial, in reality the Commission’s place as a body that can truly discharge the governing task by deciding collective goals and co-ordinating delivery of services that realise these goals is more tenuous.

The Commission has a seat at the table when expenditure decisions are made by the NSW Cabinet Infrastructure Committee but it will not be involved in delivering the services or infrastructure which the plan contains. This delivery function – a fundamental governance task – remains the remit of various State Government functional agencies, for example, the Department of Transport, which have a chequered history of aligning delivery with plans.

The GSC has six district commissioners covering each of Greater Sydney’s subregions, and four other commissioners and a Chief Commissioner and a Commissioner for each of the social, economic and environment portfolios. It will have the capacity to redraw development plans submitted by local councils to align with the metropolitan plan. Although the CEO and Chief Commissioner report to the Planning Minister, s5 of the *Greater Sydney Commission Act 2015* (NSW) establishes that the Commission is not subject to the control or direction of the Minister for Planning.

It is of note that the GSC’s functions extend principally to monitoring delivery of the regional plan. The establishing legislation for the Commission outlines mostly advisory functions (see s.10.1a-g of the *Greater Sydney Commission Act 2015* (NSW)), with administrative and legal power extending only to making local and regional plans. In this respect, it could be said that the functions of the GSC are akin more to those of government departments with typical responsibility for strategic planning, rather than a mechanism for plan delivery.

Through its district based approach, the GSC aims to re-mould regional scale land use planning to local government boundaries but is also designated a role in driving coordination of major areas of State Government service delivery – notably transport, education and health through representation of the heads of these agencies as GSC ex-officio members.

Despite Sydney’s many attempts at consolidating metropolitan Sydney into a regional governing structure, the key protagonist that has foisted these efforts – the battle between Sydney’s urban East and suburban West – remains. Indeed, the first vision for Greater Sydney to emerge from the GSC provides even sharper distinction to this battle by demarcating east, central and west Sydney ‘cities’. This approach appears to gloss over decades of failure in addressing growing regional spatial inequality and infrastructure deficits with the ‘Global Sydney’ narrative.

What is apparent from sketching Sydney’s current governance terrain is the increasing spatial dilution of regional planning within a region-wide Global City narrative that references the interests of the economically dominant east, rather than an entire metropolis of 5 million that suffers significant spatial and infrastructural inequality. Without power and authority to direct delivery, the question of whether the GSC can resolve the problem of delivery that has plagued Sydney’s governance at the metropolitan scale remains to be seen. The new approach to governing the Sydney region is distinguished from other world cities by the absence of local democracy and the extent of state direction of the metropolitan vision and planning processes.

3. Economic competitiveness: Sydney’s global city strategy

3.1. Introduction

Any attempt to provide an account of ‘the Sydney economy’ is faced with a choice of which particular account to provide. For some, this assertion may be disconcertingly post-realist and an unworthy distraction from evidence-based policy prescription. However, it is worth reiterating our observation from Section 2 about the global city generally, namely that it is an analytical concept rather than denoting a particular authoritative jurisdiction. In the case of Sydney this is particularly so, as the metropolitan region is not governed by a discrete political entity. In the language of public economics, Oates’ (1972: 34) ‘correspondence principle’, whereby the ‘jurisdiction that determines the level of provision of the public good includes precisely that set of individuals who consume the good’ decidedly does *not* apply to Sydney. Rather, the city is governed by an ensemble of authorities, principal of which is the sovereign state of NSW, inclusive of its various departments (Department of Planning and Environment [DP&E]; Premier’s Department [Premier’s], for example). Beneath the authority of the sovereign state sit 30 Local Government Areas (LGAs), one of which is the City of Sydney, which both historically and contemporaneously has been constituted under a separate act of state government legislation (see Grant and Drew, 2017: 27–37). The presence of a variety of statutory authorities, – for instance, the Greater Sydney Commission (GSC) also discussed in Section 2 – has resulted in complex governing arrangements. Moreover, at times these individual authorities appear to be pursuing conflicting policy goals (see Grant and Drew, 2017: 401–403).

Additionally, when we arrive at discussing Sydney as an economic entity it has to be recognised that all of the complex arrangements discussed above are framed by the activities of the Australian (federal) Government. It is this tier of the Australian federation collects the overwhelming quantum of tax, and has developed more of an interest in the Sydney economy as the driver of national prosperity (see, for example, PM, 2016). Yet, as we also noted in Section 2, the Australian Government is constitutionally proscribed from directly funding bodies other than the sovereign state governments (see, for example, Dollery, Grant, & Kortt 2013). This is despite the fact that historically and now it has allocated small amounts of funds to various projects at both regional and local scales (see ANAO, 2017; Dollery et al., 2013) and has relied upon potential legal challenges to these arrangements not being prosecuted by potential litigants – principally the sovereign states (see Grant & Dollery, 2010).

One result of these complex governance arrangements is that different accounts of the Sydney economy are told by different people and (we assert) that these accounts are, in the broadest sense, political. As such, *any* account of the Sydney economy is necessarily a *political economics*. This is all the more so because, as we shall see, the Sydney economy, conceived as an economic portrait of the Sydney metropolitan region, is not immediately locatable as a discrete economic entity. In fact, standard government reporting techniques, including Australian Bureau of Statistics (ABS) data and the Australian and New Zealand Standard Industrial Classifications (ANZSIC) ‘under-map’ (our phrase) Sydney. Rather, accounts of the Sydney economy must be assembled from a variety of sources, principal of which are local government area data and the Input-Output (I-O) tables of NSW alongside more general statistical information such as that derived from the Australian Bureau of Statistics (ABS) and Census data.

Nor is this ‘under-mapping’ of the Sydney economy a mere methodological inconvenience. On the contrary: As we shall see in our discussion below, it benefits particular groups to tell specific types of stories about Sydney’s economy. As such, global assurance companies, as well as nationally based advisory firms and think tanks, enjoy plenty of grist for their respective mills in creating accounts of the Sydney economy at the behest of a variety of stakeholders (see, for example, RDA, 2012, RDA, 2015; Kelly, Mares, Harrison, O’Toole, Oberklaid,

Hunter, 2013; Kelly, Mares, Harrison, O'Toole, Oberklaid, 2013; Kelly, Donegan, Chisholm, & Oberklaid, 2014; KPMG, 2008; SGS, 2009, 2012, 2014, 2015, 2017c). The fact that accounts of the Sydney economy have to be derived from an ensemble of sources further facilitates them as being more, rather than less malleable when it comes to discussing Sydney global city.

Despite this empirical slipperiness, the political economy of Sydney as an element of the political economy of the Australian federation is overwhelmingly dominated by State Government, both *de jure* and as such in terms of policy. Yet as we demonstrate below, 'Sydney global city', understood as a politico-discursive concept, and embedded in a particular version of urban development, still drives – and, arguably, distorts – urban policy for Sydney.

With this in mind, Section 3 proceeds thus. Commensurate with the original articulation of the global city thesis posited by Sassen (1991, 2001) Section 3.2 provides an account of Australia's economy in comparative international context, inclusive of the comparative levels of integration with the global economy. We find that while the national economy has fared comparatively well in the recent decade, it is not without systemic problems, particularly those that could potentially arise from an over-inflated property market in Sydney, which works to limit options for monetary policy at the federal level. In Section 3.3, again following Sassen (1991, 2001), we examine the economic and social order of the Sydney economy. On both these measures we find that Sydney conforms to the global city 'model' (Sassen, 2001, p. xix) and that the inequality described as an *intrinsic element* of this model is a feature of Sydney. Section 3.4 turns to policy, examining how methodologies for mapping 'Sydney global city' have been worked up, then deployed to drive the policy agenda for both structural reform and infrastructure spending. We argue that both can be assessed as problematic. Section 3.5 concludes our account of the *political* economics of Sydney, arguing that the attempt to convert the global city thesis from a critical political economy of planetary integration, *a la* Sassen (1991, 2001) to a prescriptive vision for Sydney is being cruelled by a lack of jurisdictional fiscal integrity.

3.2. Australia's economy

As we emphasised in our Introduction to this Special Edition, the global city model was originally advanced by Sassen (1991, 2001). Since then, scholars from an assortment of disciplinary perspectives have continued to provide a theory of capital and labour in conditions of advanced planetary integration (or globalisation) with reference to a specific geographical concept, namely the metropolitan region (see, for example, Baum, 1997; Brennar, 1998; Davies & Imbroscio, 2010; Hambleton & Simone Gross, 2007; Herrschel, 2014; Lefevre, 1998). As such – and as we move to examine in some detail in this section – it is a narrative which is at once international, comparative and competitive. However, before we examine Sydney through this lens, it is useful to examine the features of Sydney's economy from *outside* the global city lens in comparative international perspective.

3.2.1. Australia's economy in comparative international perspective

In any comparison of national economies there are a myriad of indicators that can be utilised and several major sources from which they can be derived. For our purposes, data from the OECD (2015) *National Accounts at a Glance* are examined, alongside recent reports from the OECD (2016, 2017) the IMF (2017) and several sources of national macroeconomic data. These indicators are presented in Figs. 9 and 10.

Fig. 9 provides a portrait of Australia's economy from 2000 to 2013 compared to the average for all OECD countries. Most salient is the fact that Australia's economy did not experience the negative impacts of the global economic contraction in 2008–10 to the extent experienced by other OECD countries. The impact upon annual growth rates of GDP across the OECD countries was marked, with the United States and Western European countries being particularly negatively affected in the calendar years 2008–09 and other economies also experiencing contractions of GDP in

these years (Canada –2.7 in 2009; New Zealand –1.6 and –0.3 in 2008 and 2009; see OECD, 2015, p. 18). Australia's lowest GDP figure was recorded at 1.7% in 2008, recovering to 2.5% in 2012 and 2013. The GDP of Australia more than doubled in the 13 years from 2000 to 2013 inclusive, from \$USD 538 billion to \$USD 1040 billion, which was not the case for any other OECD country over the same period (see OECD, 2015, p. 17). Similarly, while Australia experienced an average unemployment rate from 2005 to 2014 inclusive of 5.02%; the OECD average for the same period was 7.14% (OECD, 2016, p. 53). Youth (*i.e.*: 15–29 year old) *employment* rates in Australia during this period were higher than in many OECD countries, averaging 67% from 2007 to 2015. The same figure in the U.S was 57%; in the U.K 61.4% and in New Zealand 59.5%. Moreover, OECD projections estimate that the unemployment rate in Australia will remain under the OECD average for 2016–17 (see OECD, 2016).

The other indicators in Fig. 9 demonstrate the robustness of the Australian economy relative to other OECD countries during this period. Growth in household consumption remained comparatively higher (although it did fall to zero in 2008); growth in net savings increased in the immediate post-Global Financial Crisis period from 2009–11 (then falling to 2013) and gross value added at basic prices – a measure of productivity⁷ – contrasted sharply with the OECD average from 2007–2009. Fig. 9 also demonstrates the relative *lack* of importance of Australia's financial sector, with the OECD average sitting at around three times that of Australia's. Moreover, the IMF (2017) estimates that despite the tailing off from the resources boom from 2011, economic growth will climb from 2.87% recorded for 2016 to 2.994% moving to 2020. In fact, on 1 March 2017 the ABS announced that the GDP for the December quarter of 2015 was 1.1% and 2.4% for 2016 overall (ABS, 2017). As such, Australia had avoided a recession (defined as two consecutive terms of negative GDP growth for the calendar year (see, for example, Bagshaw, 2017).

Examining Fig. 10 the position of the Australian economy relative to the OECD average is less favourable. The terms of trade – total exports *versus* total imports – are more parable than might be expected given the export-driven buoyancy of the Australian economy during this period (see Garnaut, 2012). Further, household debt is significantly higher than the OECD average. However, government debt-to-GDP ratios are much less than for the OECD generally, both excluding and including pension liabilities. Moreover, more recent qualitative indicators produced by the OECD (2016) suggest that across a range of indices for well-being, including *inter alia* income and wealth, housing, environmental quality, health, civic engagement and governance and social connections, Australia scores comparatively well – with the notable exception of work-life balance.

These indicators are all demonstrative of 'the long boom' dating from the early 1990s experienced by Australia (see, for example, Garnaut 2012; Lloyd, 2008). Yet this ought not to be taken as implying that Australia's economy does not suffer from maleficent characteristics, both common to and different from other economies.⁸ A recent IMF Report has identified four issues of concern. First (IMF, 2017, p. 1) the overall economic performance of Australia corresponds to what it labelled the 'new mediocre', reflected in stagnant GDP growth, lacklustre pressure on wages and prices, underemployment and

⁷ The OECD (2008) defines this indicator thus: 'Value added at basic prices can be simply defined as the difference between gross output (at basic prices) and intermediate consumption (at purchasers' prices) and can be decomposed into the following components: compensation of employees; gross operating surplus; mixed income; and other taxes on production less subsidies on production. It can also be derived as the difference between GDP (at market prices) and taxes on products less subsidies on products'

⁸ Most notably, consecutive *Intergenerational Reports* published by federal Treasury in 2002, 2007, 2007 and 2015 (see, for example, Treasury, 2015) have all emphasised the negative impact that an ageing population will have on workforce participation rates, hence productivity, hence economic growth and (in particular) declining tax receipts relative to the federal government's responsibilities in the areas of aged care and health services (see, for example, Treasury, 2015).

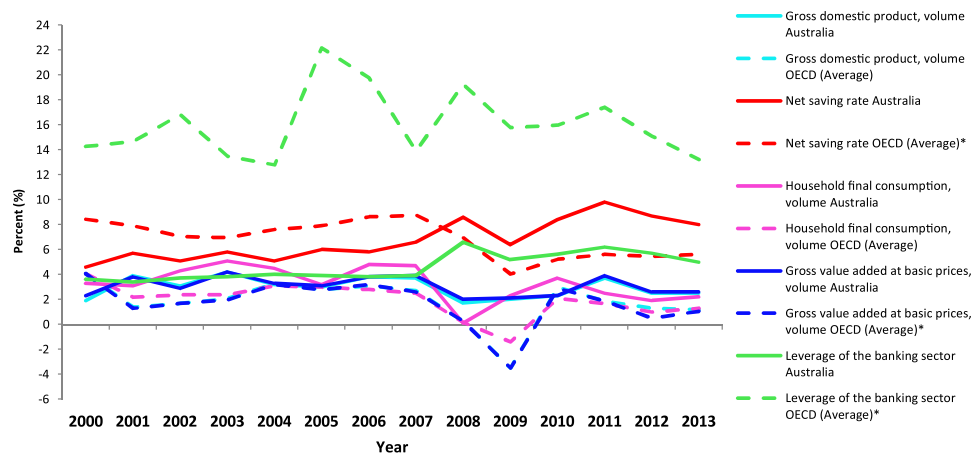


Fig. 9. OECD National Accounts at a glance: Australia compared (1).
Source: OECD (2015) and authors' calculations.

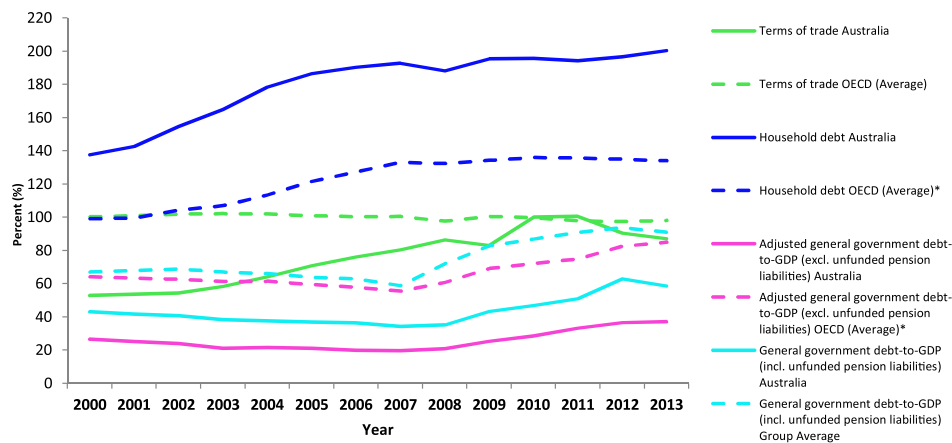


Fig. 10. OECD National Accounts at a glance: Australia compared (2).
Source: OECD (2015) and authors' calculations.

underwhelming levels of investment. Second, the IMF (2017, pp. 1–2) expressed concerns about the federal government projecting to return to a surplus of one per cent of GDP by F/Y 2020/21 – although it did note that recent policy aimed at fostering innovation, including tax breaks through the National Innovation and Science Agenda (NISA) are encouraging. Third, of more concern for the IMF is that the same fiscal policy settings designed to stimulate economic activity generally (low interest rates, commensurate with low inflation) are nevertheless conducive to increased private borrowings that inflate the housing market, particularly in specific locations and especially in Sydney. We discuss this in more detail in Section 5 – although it is notable that the IMF (2017, p. 9) praised the strengthening of bank balance sheets, responding to changes in the market and regulatory pressure by the Australian Prudential Regulation Authority (APRA). Nevertheless, the danger here is one of a speculative bubble bursting with profound flow-on effects to the accumulated wealth of individuals and the solvency of financing institutions holding debts (see also OECD, 2017). Fourth, the IMF (2017, p. 24) recognised the exposure of the Australian economy generally to a potential downturn in China's economy, recommending preparedness for a response utilising both fiscal and monetary policy. It is to the exposure of the Australian economy to the global economy that we now turn.

3.2.2. Australia's integration with the international economy

Conforming to broad policy directions in Western economies dating from the mid-1970s onwards, the Australian economy has been

progressively internationalised since this time (see, for example, Lloyd, 2008; Dyster & Meredith 2012). This increasing internationalisation is the point at which the political economy of Australia's development most coincides with the global city model (Sassen, 1991, 2001). Figs. 11 and 12 present a comparative portrait of the level of this internationalisation.

Examining Fig. 11, in presenting data for both exports and imports as a percentage of GDP (as opposed to the Balance of Payments (BoP) or the Terms of Trade, as in Fig. 10), Fig. 11 demonstrates the relative size of trade to the selected national economies.⁹ Three general points are derived from Fig. 11. First, exports follow imports in terms of trends for all economies. Second, both indicators align with general economic conditions: Thus, the economic downturn in the early 1990s and the contraction in 2008–10 are both clearly indicated for all economies. Third, it is worth remembering that the five economies presented in Fig. 11 do not trade nearly as heavily as some others – for example, in 2014 Hong Kong and Singapore's exports as percentages of GDP were 219.3% and 167.7% respectively, while imports for both economies in the same year sat at around 28% (World Bank, 2017). Otherwise stated, the narrative of pervasive globalisation for many economies is tempered by the realities of trade flows and the concurrent realisation that much

⁹ Canada has been selected as a similar political economy and as an exporter of both agricultural commodities and minerals while data for the OECD conforms to the data in Figs. 10 and 11. China and the U.S are (arguably) interesting points of comparison.

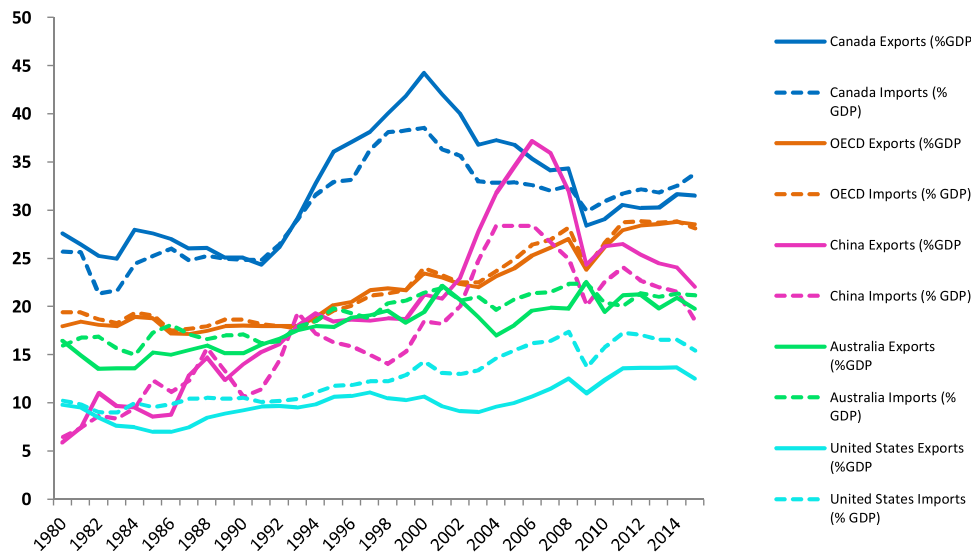


Fig. 11. Australian economy: Exports and imports as % of GDP compared.
Source: Compiled from World Bank (2017).

economic activity is internal to those economies. While in Fig. 11 the U.S is clearly the most indicative economy in this regard, Australia is the next-most indicative economy. Despite its internationalisation, Australia is still a long way from markets compared to Canada and the OECD generally and this isolation, combined principally with the buoyancy of the Australian dollar (see Garnaut, 2012) impact upon the tradability of Australian commodities.

Fig. 12 presents comparative data for levels of Foreign Direct Investment (FDI) and Australia's unemployment rate since 1970. Several features of Fig. 12 are salient. First, again it demonstrates the increasing internationalisation of all economies from 1970. Second, FDI as a percentage of GDP can change very quickly. For example, in Australia in 2005 FDI inflows represented -3.62% of GDP; in 2006 they were 4.1% . Third, FDI inflows and outflows form a minimal element of the U.S economy measured as a per cent of GDP. Fourth, the relationship

between inflows and outflows for China is notably different from the other economies: From 1991 to 2014 inflows dominated outflows; yet this gap has closed significantly, particularly since 2013. Fifth, in the cases of the advanced economies (OECD; U.S, Canada and Australia) FDI inflows and outflows track one another quite closely, with the one exception being Australia since 2006. While FDI flows followed each other through the shock of 2005, since 2006–07, the variation between FDI inflows and outflows has been growing, such that in 2015 inflows were 2.9% of GDP while outflows were $.03\%$ of GDP. This reflects the concerns of the IMF in its 2017 Report about the exposure of Australia's economy to international trends discussed above (IMF, 2017) as well as to more general views that Australia's economy is vulnerable to international shocks (see, for example, Conley, 2009).

Taken as a whole, three general points can be derived from our discussion of the Australian economy in international comparative

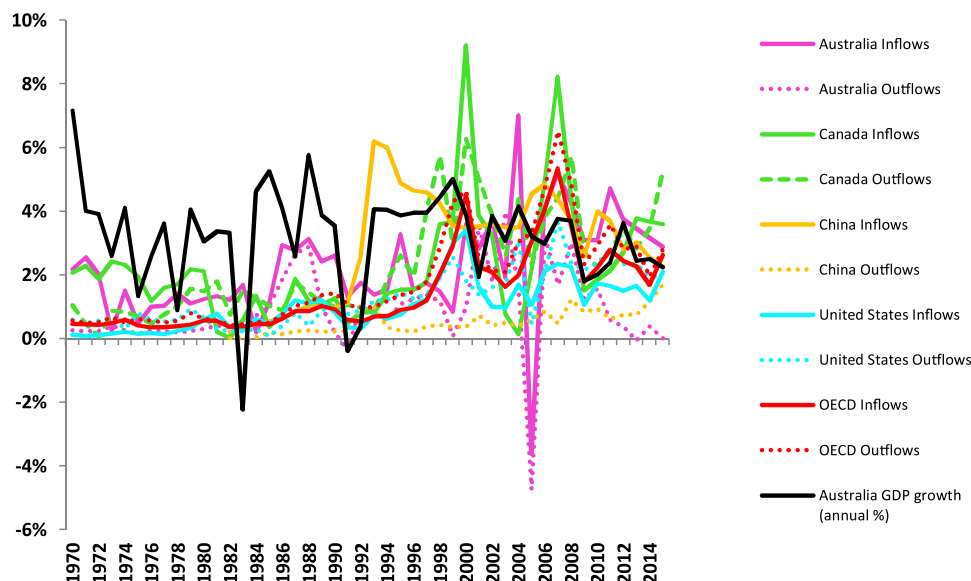


Fig. 12. Australian economy: FDI inflows and outflows as % of GDP compared.
Source: Compiled from World Bank (2017).

perspective. First, it has internationalised since the 1970s. However (and secondly) it is *not* as heavily internationalised as many others. While the examples of Hong Kong and Singapore (measured in terms of international trade flows) are perhaps incomparable – although they are consistently used as benchmarks in the global city literature (see, for example, [Hu et al., 2013](#)), Canada, China and the OECD countries generally experienced greater flows of imports and exports, and the levels of FDI as a percentage of GDP for Australia are by no means extreme. Third, the Australian economy does face structural challenges, particularly the issues of declining tax receipts relative to welfare obligations, but more poignantly household debt and the challenges of fiscal policy. Fourth, the dominant mode of economic analysis still occurs at the level of the nation state, not sub-national entities, including cities. Otherwise stated, however much importance we might like to ascribe to ‘the Sydney economy’ as an element to the national economy (see, for example, [CFS \[Committee for Sydney\], 2017](#); [SGS, 2017](#)) it is the latter, not the former, which provides the basis for performing the central governing tasks identified in Section 2, most poignantly monetary and fiscal policy.

3.3. The Sydney economy

As noted above the central problem in constructing an account of the Sydney economy is that it is not a political entity in its own right and as such it has not historically been mapped as a discrete economy. Rather, Sydney exists at a regional level, between state and local governments and within the context of Australian fiscal federalism. Before moving to examine Sydney’s economy it is worth briefly placing it within Australia’s intergovernmental fiscal relations. Australian federalism is characterised by a high level of vertical fiscal imbalance (VFI). The federal government collects approximately 75% of all revenue (over 90% of this through taxation, principally income tax, company tax and a broad-based consumption tax). The federal government then funds states with approximately 45% of their gross income; this is calculated according to a formula designed by the Commonwealth Grants Commission (CGC) designed to redistribute tax receipts on the basis of principles of horizontal fiscal equalization (HFI). These monies are then supplemented by funds – called “Specific Purpose Payments” (SPPs) – for five policy priority areas: healthcare, schools, skills and workforce development, disability services and affordable housing (see [DIRD, 2014: 7](#)).

Grant funding for local governments, including the City of Sydney, is then (in turn) determined by the respective state government grants commissions, which (again) distribute funds according to their own formulas across their local government areas (LGAs). This is complemented by financial assistance grants (FAGs) to local government from the federal government, which are channelled ‘through’ the state governments. FAGs comprise two components: a non-hypothecated general-purpose grant and a local roads grant (see [Dollery et al., 2013: 70](#)). Despite this, Australian local governments, on average, raise approximately 88% of their own revenue. Yet this varies radically across individual local governments and declines according to the remoteness of local government area (see [DIRD, 2014](#); for a general account of Australian fiscal federalism see [Dollery et al., 2013: 16–81](#)).

This background is important for two reasons. First, authority for the Sydney economy resides at the federal, state and local government area levels, but principally the *state level*. Second, and of central importance to understanding what, on some interpretations, is the “Achilles’ heel” of the Sydney global city thesis, there are significant constitutional constraints upon federal government directly funding bodies – including local government and regional governance structures – *other than* the states. While a small amount of funds has recently been allocated to local governments in the form of roads funding and more recently as part of the economic stimulus in response to the GFC (see [Dollery et al., 2013](#)) there is a general recognition that the constitutional basis of these funds is far from certain. This is so much so that if

the legal basis of these funds was challenged in the High Court such a challenge would be likely to succeed.¹⁰ Arguably, this has important consequences for the way local government bodies – including cities – are regarded financially, particularly in terms of sourcing funds for the purposes of public investment.

Nevertheless, the requirement for statistical portraits of regional economies for the purposes of governance produces accounts of the Sydney economy. [Fig. 13](#) depicts the sub-regions of the Sydney economy discussed here.

The main point derived from [Fig. 13](#) is the sheer size of Greater Western Sydney compared to all the other sub-regions, particularly the Central sub-region.

[Fig. 14](#) derived from Input-Output (I-O) data depicts Gross Regional Product (GRP) by industrial classification type and metro sub-region of across the Sydney Metropolitan Region.

[Fig. 14](#) demonstrates that Sydney is conforming to the model of a global city as discussed thus far. According to this model, GRP was \$33,444.5 billion. This represented over 70% of estimated Gross State Product (GSP) for the same period ([RDA, 2015, p. 6](#)). Examining [Fig. 14](#) further, it comprises the 19 ANZSIC categories of industrial activity (Y axis) stacked for four Sydney metropolitan sub-regions: “Central” (which includes the City of Sydney), “North”, “South” and “Greater Western”, representing the recorded contribution to GRP by sub-region (X axis). It clearly demonstrates that as an economic region, Sydney has several principal characteristics of a “spiky” global city. For example, while all sub-regions made a contribution to each of the 19 industrial categories, “Finance and Insurance Services” Central Sydney (\$34,661.1 million) clearly makes a major contribution; although notably this activity is present in all sub-regional categories. At \$51,819.3 million the sheer size of the sector’s contribution is graphically illustrated in [Fig. 14](#). The next largest sector, “Professional, Scientific and Technical Services”, contributes \$28,806.5 million to GRP – 55.6% of the contribution of “Finance and Insurance Services”.

Other observations of [Fig. 14](#) include the relatively small contribution to GRP of what might be labelled “essential services”. Combined, “Health Care & Social Assistance” (\$18,336.3 million), “Education and Training” (\$17,690.1 million), “Public Administration and Safety” (\$14,768.5 million) and “Electricity, Gas, Water and Waste Services” (\$5076.9 million) equate to a total of \$55,871.8 million and only just contribute more than “Finance and Insurance Services” combined. Further, at \$15,231.0 million and \$21,341.1 million “Construction” and “Manufacturing” are but portions of the latter respectively.

Spatial differentiation for sectors is apparent. For example, much manufacturing takes place in the city’s west (\$12,736.5 million); yet as a discreet type of economic activity manufacturing is scattered across the city. Many of the industrial classification categories demonstrate remarkably similar concentrations across the sub-regions. For example, “Accommodation and Food Services” is relatively evenly dispersed

¹⁰ We need to be cognisant of the fact that the legal superiority of the Commonwealth is significantly qualified in the Constitution of Australia. Thus, §106 ‘Saving of [State] Constitutions’; §107 ‘Saving of power of state Parliaments’; §108 ‘Saving of state laws’; §117 ‘Rights of residents in States’ and §118 ‘Recognition of laws etc. of States’ ([Commonwealth of Australia, 2010](#), pp. 26–27) all guard against the federal government over-reach, in effect protecting the extant states from any systemic threat to their relevance. Otherwise stated, while it might be accurate that ‘the Commonwealth is generally regarded as the more powerful partner in the federation’ ([Australian Government Solicitor, 2010](#), p. vi) Australia is still a federation, particularly in terms of the distribution of fiscal transfers from the federal to other tiers of government. In essence, it is clear that the Constitution protects the States’ primacy in terms of fiscal transfers from the federal government and in recent history the High Court has warned the federal government off attempting to distribute funds to other bodies – whether these bodies are individuals (see, for example, [Grant & Dollery, 2010](#)) or any other ‘intermediary bodies’ (churches; schools; civil associations; see [Wickwar, 1970](#), pp. 7–8).

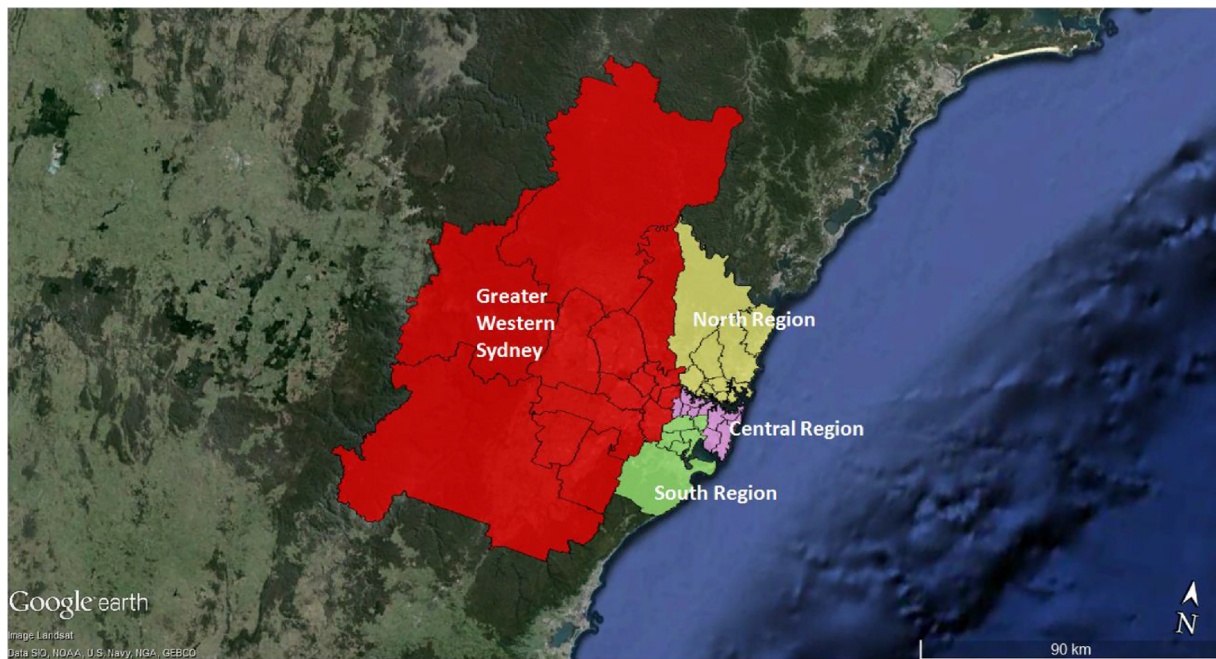


Fig. 13. Sub-regions of Sydney Metropolitan region.

Source: RDA (2015: 3).

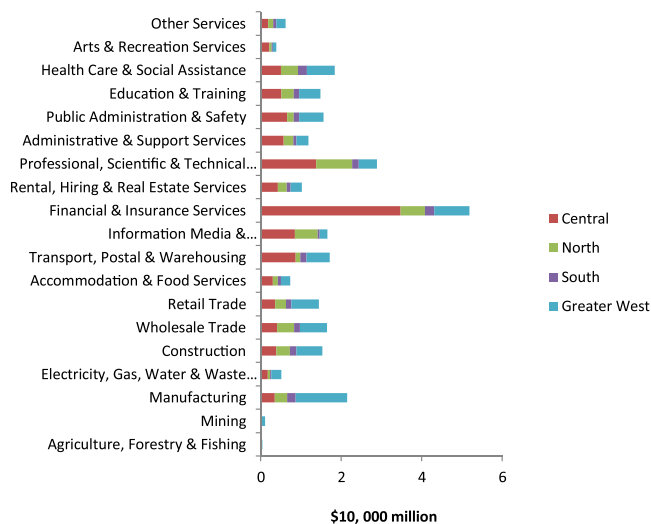


Fig. 14. Sydney: GRP by industrial classification and metro sub-region.

Source: Adapted from RDA Sydney (2015: 8).

across the whole Metropolitan Region, particularly when taking account that the figures are for GRP.

Fig. 15, representing employment by industry for the sub-regions, demonstrates more greatly defined spatial differentiation.

Examining Fig. 15, the ANZSIC categories that we grouped together as “essential services” in the discussion immediately above (“Health Care & Social Assistance”, “Education and Training”, “Public Administration & Safety” and “Electricity, Gas, Water and Waste Services”) are spread across the sub-regional labour forces; as too as are “Retail Trade” and “Wholesale Trade”. At first glance Fig. 15 appears to demonstrate that “Manufacturing” is a significant component of economic activity in the West; however, at 95,464 employees it comprises only 14% of all employees in that sub-region, with employment for all the other categories in that region adding up to dominate manufacturing. Alternatively, this heterogeneity is *not* present for “Financial and Insurance Services” where the overwhelming majority – 164,566 people, or 78% –

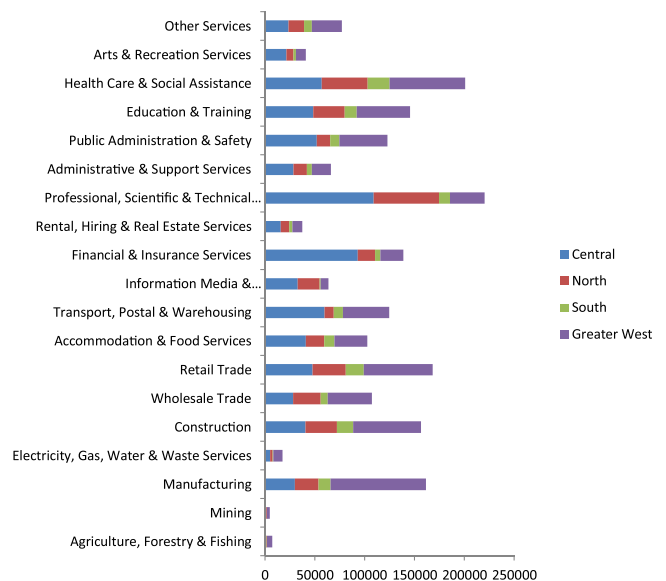


Fig. 15. Sydney: Employment by industrial classification and metro sub-region 2013–14.

Source: Adapted from RDA (2015: 39).

work in the Central subregion, which is inclusive of the City of Sydney. Moreover, it ought to be underscored that there is significant variation within the Greater Western sub-region: 404,510 persons are employed in West Central sub-region compared with 101,229 for the West and 180,166 for the South West (see RDA, 2015: 39). Otherwise stated, there is far more employment closer to the city.

In sum, according to GRP by ANZSIC category and sub-region and Employment by Industry, Sydney does conform to the global city model. It is not as cleanly differentiated by employment category as it is by the contribution made to overall GRP by each ANZSIC category by sub-region. Economic geographers have more to say about this (see, for example, Murphy & Watson, 1995). Further, it should be underscored that there are significant limitations to this “snapshot” data. We now

move to examine the current policy context.

3.4. Neo-liberal policy and the global city project

Data such as that presented above has formed an important backdrop to building a narrative for Sydney global city at the public policy level – although, as we shall see directly below, this narrative has been informed by a range of stakeholders in Sydney. Two domains of public policy have been particularly attached to the Sydney global city narrative, namely local government reform and infrastructure policy. We examine these in turn.

3.4.1. Structural reform of Sydney local government

To briefly recapitulate our discussion in Section 2 (above), in the period from 2011 to 2017 local government in NSW, and in Sydney in particular, has undergone a truly Wagnerian process of inquiry and reform. Notwithstanding the drama, this has resulted in a reduction in local government areas in Sydney – from 41 to 30 councils – and the creation of a powerful planning statutory body in the city, the Greater Sydney Commission (GSC) (for detailed accounts, see [Grant et al., 2015](#); [Grant and Drew, 2017: 357–407](#)). The claims made by consecutive NSW governments that said reforms have been based upon empirical evidence for generating savings in public expenditure have been roundly criticised (see, for example, [Ableson & Joyeux, 2015](#); [Drew & Dollery 2016](#); [Drew, Kortt & Dollery, 2017](#); [Drew & Grant, 2017](#)). Placing to one side the empirical validity (or indeed otherwise) of these reforms, the arguments for Sydney global city have nevertheless enjoyed a strong rhetorical lineage in the advocacy literature commissioned by various stakeholders. In the context of our *political* economics of Sydney, it is instructive to see how these arguments built the case for metropolitan reform, and as such, three examples of this rhetoric, derived from two lobby groups well placed to argue the case for a particular version Sydney global city are examined. Our suggestion is (decidedly) *not* these arguments ‘caused’ the reforms that were eventually witnessed. Rather, it is that these arguments have formed an important element to the ideational space around government policy and as such filled a relative vacuum in policy formulation at the level of the NSW State Government, which, from 2011 onwards has itself been subject to accusations of impropriety and corruption (see, for example, [Grant et al., 2015](#)).

Arguments for and against local government amalgamations have always, in Australia, been the dominant and most hotly contested issue in local government reform (see, for example, [Vince, 1997](#); [Ryan et al., 2016](#)). These arguments have seen state and territory governments advance claims for saving public money through amalgamation on the one hand pitted squarely against claims of local communities to remain self-governing on the other (see [Drew & Grant, 2017: 334–356](#)). Yet in the case of the recent reforms in Sydney, these voices have been significantly augmented – and in fact presaged by – two influential stakeholders and reports commissioned by them wherein (arguably) we see the genesis of contemporary reforms. In 2007 an organisation called ‘Sydney First’, an initiative of the Sydney Chamber of Commerce, commissioned two reports, ‘Who’s governing Sydney?’ ([Blakely & Hu 2007](#)) and ‘Governance arrangements for Sydney’s local government authorities’ ([KPMG, 2008](#)). [Blakely and Hu \(2007: 2\)](#) embraced the global cities rhetoric – not in its original form, *i.e.*, as [Sassen \(1991, 2001\)](#) critical thesis, but its inverted, neo-liberal variant, arguing that:

The rise of city-regions in an age dominated by globalisation has led to the advent of global cities, which are thought to be of global importance by socio-economic, political or cultural means. A global city refers to a metropolitan area or an urban region rather than a central city. The central city and its surrounding region need each other. They form an organic whole to make a global city.

Conforming to methodologies of much global city work, [Blakely and Hu \(2007: 2\)](#) based their study on a comparative account of Sydney and

five other global cities: London (‘Global financial centre and command centre; global transport hub’); Toronto (‘Economic engine and financial centre of Canada; most liveable city’); San Francisco (‘U.S. financial centre on the West Coast; international tourist destination’) Frankfurt (‘Europe’s finance, trade and transport centre; European gateway to the world’) and Shanghai (‘Economic engine and financial centre of China; emerging centre on the Pacific Rim’). In assessing the problems facing Sydney, the Report ([Blakely & Hu 2007: 2](#)) did not mince words, taking aim squarely at the fragmented governance structure of Sydney:

Sydney’s current governance structure is a barrier to fully reaching its potential as an emerging global city. It is time for a public debate regarding whether Sydney must reform its governance practices and how.

To this effect it cited several indicators (some repeatedly), namely: [i] ‘Area share of consolidated city in metropolitan region’ (of which Sydney was the smallest); ‘Population share of consolidated city in Metropolitan area’ (likewise); ‘Number of local governments per 100 thousand population’ (of which Sydney was the largest) ([Blakely & Hu 2007, 3–4; 12–13](#)). In this guise, fragmented metropolitan governance is the principal inhibitor to a future successful Sydney as a global city.

This argument was then forcefully restated in [KPMG’s \(2008\)](#) report, ‘Governance arrangements for Sydney’s local government authorities’, again commissioned by ‘Sydney First’. In lockstep with [Blakely and Hu \(2007\)](#) and [KPMG \(2008: 14\)](#) it placed Sydney within the ‘global cities’ frame, citing the GaWC rankings, replete with a global map and truncated lists of ‘Alpha’, ‘Beta’ and ‘Gamma’ world cities. The report also contained an important advancement in the rhetoric of the advocacy literature, namely specifying the importance of Sydney to the national economy, stating ([KPMG, 2008, 15](#)) *inter alia* that ‘Sydney, along with our major cities is part of the fundamental organising principle of Australia’; further, that: ‘Australian cities also produce most of the country’s economic activity’, inclusive of being responsible for ‘78% of economic growth in the past five years’ and ‘70% of Gross Domestic Product (GDP)’.

In this context it is important to underscore the *rhetorical* content of this work. [KPMG \(2008, 2–3\)](#) reached seven ‘key findings’ [i] ‘The governance of Sydney should be based on a global city organising principle’; [ii] ‘Sydney’s level of governance should be condensed’; [iii] ‘Reconfiguring current council boundaries will eliminate artificial barriers to regionally based decision making’; [iv] ‘Planning systems reforms will reinforce the role of elected representatives’; [v] ‘Complex planning and service delivery issues will drive regionally based decisions’; [vi] ‘The financial capacity and revenue-raising capacity of local government authorities needs to be strengthened’ and [vii] ‘Significant financial savings could arise from a reconfiguration of smaller local government authorities to a larger scale’. Here the rationale for reforms under ‘Sydney global city’ can only be partially sought in the policy area of local government reform. Rather, [KPMG \(2008\)](#) looked to Sydney’s place in the global league tables (and the moral suasion contained in the ‘economic engine’ argument) for greater leverage.

The third argument that we consider here derives from what is now Sydney’s most recognisable lobby group, the ‘Committee for Sydney’ (CfS). The CfS has consistently advocated a ‘global city’ future for Sydney, inclusive of a sustained gesture toward equity as an element to the analytic concept (see, for example, [CfS, 2012, 2015a, 2015b](#)). The early literature of the Committee conformed to that based on international comparisons of global cities. For instance, its ‘Benchmarking Sydney’ Research Paper, prepared by SGS Economics and Planning in 2009, took a familiar approach, selecting nine comparison cities, then utilising 31 indicators for five ‘dimensions’ of competitiveness: [i] Governance; [ii] Connectivity; [iii] Enterprise, Innovation and Creativity; [iv] Culture and Diversity and [v] Liveability. The ‘four key messages’ were predictable enough: ‘Governance [focusing on fragmentation] in Sydney is a major obstacle to economic competitiveness’; ‘Connectivity [focusing on public transport usage rates, not ICT

adoption] is not up to global city standards'; 'There is scope to improve enterprise innovation in Sydney' and 'Liveability and cultural diversity remain Sydney's key strengths' (SGS, 2009, iii–iv).

Ensuing publications followed this trajectory. It published its 'Priorities for 2012' in February of that year, listing the policy priorities of 'planning reform, housing and city governance; 'an integrated transport network for a global city'; 'promoting Sydney as a global hub for financial and professional services and as a regional centre for the "Asian 21st century"' and 'the liveable and lovable city' (CfS, 2012). Much the same rhetoric was evident in its 'Priorities for 2013'; yet this document also witnessed a tightening of the relationship with state government:

The NSW government itself has identified the Committee for Sydney as a 'renewed' organisation and as a trusted policy-rich partner with which it will design and deliver a key project initiated by the Committee in 2013: 'Sydney as a Global Talent Hub' aimed at retaining and attracting the world's top talent. This is an exciting and important project and a real sign of partnership, the value of our organisation and trust in our capacity to deliver. This is just one example of the positive impact our new approach has had in a very short time (CfS, 2013, 3).

Moreover, specific infrastructure projects were endorsed (new light rail projects planned for central and Western Sydney, North and South West Rail Links, 'WestConnex', a multi-billion expansion of the central road corridor from the city to the west as well as several development projects funded by both public and private capital. The policy agenda is augmented from 'a more strategic local government structure' to include more housing, a metropolitan strategy for the city, a better transport system and the incorporation of Sydney Rail and the privatisation of Sydney ferries 'to drive up quality and efficiency' (CfS, 2013, 4). It also stated that: 'In 2013 we will ensure that the NSW Independent Local Government Review (discussed in Section 2.7 above) leads to radical reform, with fewer, larger, more strategic councils with the capacity to manage Sydney's growth and maximise its opportunities' (CfS, 2013, 7; emphasis added).

The overarching point is that 'global city' rhetoric played an undeniable part in the arguments for reform, and, arguably, outweighed any economic appraisal of the case for amalgamation (see, for example, Ableson & Joyeux, 2015; Drew & Dollery, 2016; Drew et al., 2017). Significantly, this rhetoric appeared not only in the reports commissioned by Sydney First and the Committee for Sydney discussed above. It also featured in the ILGRP's (2013) *Final Report* and IPART's (2015) *Final Report* and was an element to the work commissioned by IPART from KPMG (see IPART, 2015) and Ernst & Young (again, see IPART, 2015). The actual economics of these arguments – for councils accruing scale economies and for increased financial sustainability on the basis of increased size – have been decisively dismissed in the academic literature (again, see, for example, Ableson & Joyeux, 2015; Drew & Dollery, 2016; Drew et al., 2017). Moreover, the extent to which these reforms made intuitive sense when viewed alongside the introduction of the Greater Sydney Commission (GSC) discussed in Section 2 is again questionable.

3.4.2. Spending on infrastructure

In the same way that the policy prescriptions around Sydney global city have mandated municipal consolidation, so too have they been tied to the large amount of capital spending currently being undertaken by the State Government. On 25 November 2014, Infrastructure NSW, a statutory body created in July 2011 by the (then) newly elected O'Farrell Conservative Government, announced 30 recommendations to guide what it termed "the next round of critical infrastructure for NSW" valued at \$18.9 billion. In the media release for the announcement, the (then) Chairman Graham Bradley stated: "The thirty major projects and programs we have recommended are strategically important and economically sound. They should be brought forward, with final business

cases prepared over the next 18 months" (Bradley, in Infrastructure NSW, 2014a, 2014b, p. 1). The "Key investment recommendations" of Infrastructure NSW were organised into three categories: 'Increasing Sydney's global competitiveness', 'Supporting population and economic growth in Greater Sydney, including Parramatta', and 'Ensuring a competitive and connected regional economy' (Infrastructure NSW, 2014a, 2014b). Alongside the rhetoric of the global city and the sheer quantum of funds (discussed below) it is worth underscoring the sheer urgency of the spending within the Sydney global city narrative. Infrastructure NSW continued: "Independent modeling by Deloitte Access Economics has found that if implemented effectively the recommendations would increase the Gross State Product by \$30.9 billion and add 122,000 more jobs" (Infrastructure NSW, 2014a, 2014b). Arguably, other state government statutory authorities have exhibited the same degree of urgency in their pronouncements (see, for example, UrbanGrowth, 2014).

Rhetoric aside, in order to obtain an accurate picture of the state's investment in infrastructure it is necessary to examine the finances of the NSW Government. As with Section 3.3 (above) the account offered here places the claims of the Sydney global city literature in some critical relief, as what it reveals is that the NSW State Government is, overwhelmingly, the principal mechanism for Sydney global city, with its budget and sheer fiscal size dwarfing that of any LGA in the Sydney region or indeed elsewhere in the state. Table 2 represents the NSW Government's Operating Statement over from 2014–15 to 2019–20.

Table 2 demonstrates that the NSW Government is forecast to be in surplus through to 2019–20. It also demonstrates the contribution that federal government grants (of varying types) have to total revenue, and state's liabilities for employees as an overall element of expenditures, inclusive of employee expenses and superannuation (the latter of which is listed as a separate – and significant – line item. A more detailed account of revenues and expenditures for FY 2016–17 is provided in Table 3.

Examining Table 3, the contribution of federal grants to the budget position, totalling 42% of revenues, is again salient. However, so too are the contributions to own-source revenue, principally taxation (39%), sales of goods and services (11%) and fines, fees, interest and other revenues (5%). Of particular significance is the contribution that transfer duties – the tax on real estate transactions – make to the overall revenue. Budget Paper No. 1 for 2016–17 (NSW Government, 2016a, p. 5–6) notes that '[t]he three largest state taxes are stamp duty on property taxes (transfer duty), payroll tax and land tax, together providing around 67.8% of taxation revenue in 2016–17'. In fact, transfer duty dwarfs all other stamp duties (on insurance, mortgages, marketable securities and motor vehicles) and is estimated to increase from \$AUD 8,777 m in 2016–17 to \$AUD 9,789 in 2019–20. It is comparable to, but still greater than, payroll tax (estimated to increase from \$AUD 8,247 m to \$AUD 9,663 over the same period) and is significantly greater than both taxes on motor vehicle ownership and operation (estimated to increase from \$AUD 2,512 to \$AUD 2,915) and gambling and betting taxes (estimated to increase from \$AUD 2,268 to \$AUD 2,612). Over the forward estimates stamp duty is forecast to remain relatively stable, from 29.2% of total taxation revenue in 2017–18 to 28.8% in 2019–20.

Otherwise stated, the NSW Government has an interest in the buoyancy – if not the bubble – in real estate prices. We discuss this extensively in Section 5 of this Special Edition. Notably, to the extent that foreign investment is responsible for the buoyancy of real estate in NSW (and Sydney in particular –, see Section 5) this valuable source of own-source revenue for NSW may be susceptible to fluctuations in the global economy: We saw in Fig. 13 that FDI is highly mobile. However, it may also be a source of revenue that is relatively independent of local economic downturns that would (for example) affect receipts from payroll tax, taxes on motor vehicle ownership and operation and taxes on gambling.

Turning to the other side of the ledger in Table 3, it is clear that at 28% (for health) and 21% (for education) comprise the two major ticket items, within which a significant quantum would be dedicated to employee expenses and associated superannuation liabilities (see Table 2).

Table 2

NSW Government: General government sector operating statement 2016–17 (\$m).

Source: NSW Government (2016a, p. A1–7)New South Wales Government, 2016aNew South Wales Government, 2016aNSW Government (2016a, p. A1–7)New South Wales Government, 2016aNew South Wales Government, 2016aNSW Government (2016a, p. A1–7)New South Wales Government, 2016aNSW Government (2016a, p. A1–7).

	2014-15 Actual	2015-16 Revised	2016-17 Budget	2017-18	2018-19 Forward Estimates	2019-20
Revenue from Transactions						
Taxation	26,067	29,034	29,759	31,240	32,503	34,021
Grants and subsidies						
C'th general purpose	17,065	17,647	17,663	17,679	17,808	18,285
C'th Specific Purpose	8,103	8,844	9,272	9,780	9,728	10,212
C'th National Partnership Payments	2,899	2,779	4,682	2,742	1,579	1,546
Sales of Goods and Services	6,255	8,229	8,296	8,276	8,540	8,804
Interest	658	758	914	835	726	694
Dividend and Income Tax Equivalents from other Sectors	2,407	1,218	1,173	889	953	1,270
Other Dividends and Distributions	1,164	324	441	457	477	496
Fines, Regulatory Fees and Other	3,909	4,002	4,078	4,276	4,363	4,513
TOTAL REVENUES FROM TRANSACTIONS	69,617	73,772	77,005	76,948	77,479	80,656
Expenses from Transactions						
Employee	27,818	29,510	30,058	32,008	33,613	35,061
Superannuation						
Superannuation Interest Cost	1,683	1,569	1,436	1,514	1,566	1,554
Other Superannuation	2,846	2,903	3,001	2,892	2,916	2,969
Depreciation and Amortisation	4,172	4,453	4,608	4,899	5,068	5,245
Interest	2,243	2,221	2,165	2,198	2,276	2,581
Other Property	–	–	–	–	–	–
Other Operating	14,809	17,188	18,656	18,506	18,432	19,218
Grants and Subsidies						
Current Grants and Subsidies	9,895	11,629	12,367	12,567	11,272	11,615

Table 3

NSW Government: Revenue and expenses by category FY 2016–17(%).

Source: NSW Government (2016a, pp. 5–6 and 5–17)New South Wales Government, 2016aNew South Wales Government, 2016aNSW Government (2016a, pp. 5–6 and 5–17)New South Wales Government, 2016aNew South Wales Government, 2016aNSW Government (2016a, pp. 5–6 and 5–17)New South Wales Government, 2016aNSW Government (2016a, pp. 5–6 and 5–17).

Composition of total revenue by source		Composition of total expenses by policy area	
Commonwealth grants: General purpose	23	Health	28
Commonwealth: National agreements	12	Education	21
Commonwealth: National partnership	6	Transport and communication	13
Other grant contributions	1	Public order and safety	10
Taxation	39	Social security and welfare	8
Sale of goods and services	11	Other purposes	6
Dividends, income tax + other distributions	2	General public services	5
Royalties	1	Recreation and culture	2
Fines, feed, interest and other revenues	5	Economic affairs	2
		Other categories	1

However, third on the list, at 13%, is transport and communication and it is within this that the infrastructure spend, much spruiked by the NSW Government across all its budget papers (see, in particular NSW Government, 2016b) resides. Two figures within Budget Paper No. 1 demonstrate the relative quantum of monies allocated to this aspect of the State Government's activities.

Examining Figs. 16 and 17 it is clear that the NSW Government, in its 2016–17 budget papers, is intent on portraying the large quantum of funds it is investing in infrastructure. Fig. 16 demonstrates that the Government – specifically, staff at Treasury – have gone to some effort to highlight that this spending in NSW is significantly higher than the average in other jurisdictions as a percentage of Gross State Product

(GSP). Fig. 17 demonstrates the raw quantum of funds, both historically and over the forward estimates, dedicated to transport and communications. Recalling that total receipts for the 2016–17 budget amounted to \$AUD 77,005 m, (see Table 2) the average outlays across FY 2016-17 to 2019-20 equates to approximately 15.7% of the State Budget for that year.

However, we need to be cognisant of the point made in the Introduction to Section 3, namely that these numbers are first and foremost *rhetorical devices* (for a discussion, see Drew & Grant, 2017). Thus (for example), Section 2 of the same NSW budget document, 'Fiscal Strategy and Outlook' (NSW Government, 2016a, 2016b, 2016c, p. 2–1) asserts that: 'The State is keeping net debt at manageable levels while delivering a record infrastructure program of \$73.3 billion to support long-term prosperity. This total is significantly different than that in Fig. 17,¹¹ which, at an average of \$12.1 billion over four financial years, is \$48.4 billion – a \$24.9 billion difference. Whichever figure we take as more, rather than less accurate, various questions can be asked about the consistency of one data *vis a vis* other data – for instance, the extent to which this is more, rather than less appropriate, according to the State's fiscal position. Further, the extent to which the various amounts, both historically and over the forward estimates, include funds allocated under SSPs from the federal government or indeed other sources could be unpicked.

Nevertheless, in the 2016/17 Budget the NSW Government went to some length to highlight spending on infrastructure. It did this in four ways. First, it anchored this spending within its 'Fiscal Strategy and Outlook', arguing that 'Government is sensibly using the state's balance sheet to support record levels of investment in infrastructure, with the proceeds of asset recycling [leasing the state's electricity infrastructure assets] used to fund a range of infrastructure investments in public transport, roads, hospitals and schools' (NSW Government, 2016a, p. 1–1). Budget Paper No. 1 argued that this spending is aimed at making a contribution to increasing the State's net worth, which, '[b]y the end of the forward estimates period [is] projected to be around a third

¹¹ Approximate boundaries only. Compiled from information in (NSW Government, 2005, p32) and Rail to come.

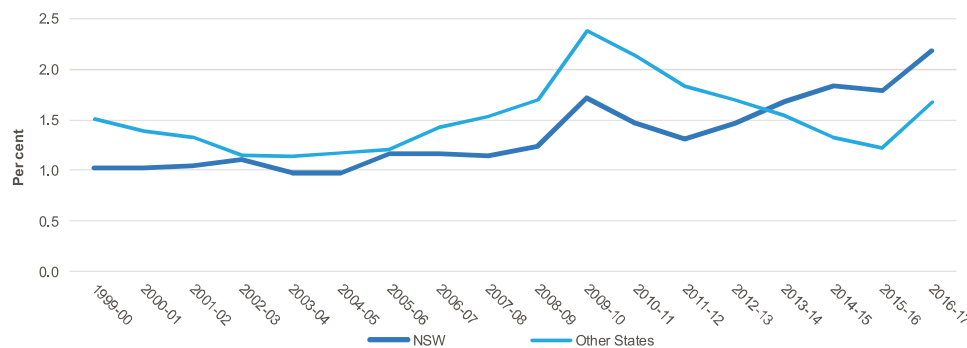


Fig. 16. NSW Government: Capital spend to Gross State Product 1999-00–2016-17.

Source: NSW Government (2016a, 6–4).

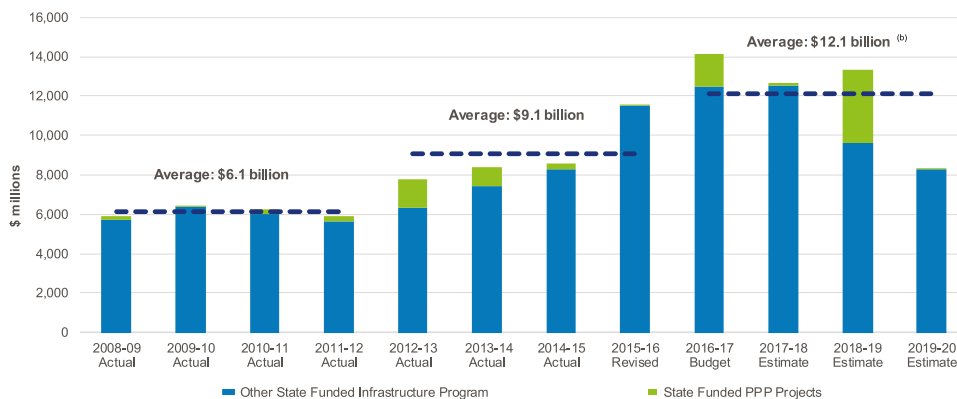


Fig. 17. State-funded capital expenditure program.

Source: NSW Government (2016a, p. 1–3) New South Wales Government, 2016a New South Wales Government, 2016a NSW Government (2016a, p. 1–3) New South Wales Government, 2016a New South Wales Government, 2016a NSW Government (2016a, p. 1–3) New South Wales Government, 2016a NSW Government (2016a, p. 1–3) New South Wales Government, 2016a NSW Government (2016a, p. 1–3).

larger than it is today, growing from an estimated \$AUD 187.4 billion ... to \$AUD 246.9 billion by the end of June 2020' (NSW Government, 2016a, p. 2–6). The investment in infrastructure is positioned as 'coincid[ing] favourably with the national transition away from the mining boom (NSW Government, 2016a, p. 2–5). However, Budget Paper No. 1 goes to some length to emphasise that 'NSW is a service-based economy, with this sector accounting for 73% of economic activity and 89% of employment', highlighting the contribution of 'overseas services trade' and the extent to which education and travel contribute to overseas exports (NSW Government, 2016a, p. 3–4). Otherwise stated, in the face of a *potential* softening of the global economy, an almost certain decline in GST relativities due to the State's strong economic performance relative to the other jurisdictions and a potential cooling off in the housing sector (NSW Government, 2016a, p. 2–1) the Government has adopted what we describe as a neo-Keynesian developmental-state approach to ensuring confidence in the State's economy and to maintain aggregate demand.

The second way the 2016–17 budget papers emphasised infrastructure spending was to highlight several 'big ticket' items. These included: Rail projects for the Sydney Metro City and Southwest with a budget allocation of \$6.2 billion across the four years; Sydney Metro Northwest (\$5.8 billion), in excess of \$1.0 billion over four years for trains on the suburban rail network; a next generation of the intercity rail fleet (\$518.4 million), funding for planning and procurement activities to replace the XPT rail fleet (\$35.0 million) and the Northern Sydney Freight Corridor (\$27.0 million) (NSW Government 2016a, p. 2–9). Other expenditures include \$3.8 billion over four years for the prison bed capacity program; \$2.6 billion over four years to fund capital budgets for education; \$2.4 billion over four years for social housing projects, alongside a range of lesser amounts for light rail in Parramatta, an upgrade of the Walsh Bay Arts Precinct and an upgrade for sporting facilities in Western Sydney and Olympic Park (NSW Government,

2016a, p. 2–9).¹²

Third, the 2016–17 Budget Papers includes a separate 'Regional Overview' (NSW Government, 2016b) the 'Treasurer's Message' to which states: 'This budget commits a record \$AUD 21.8 billion in 2016-17 and \$AUD 73.3 billion over the forward estimates on infrastructure spending [further] This spending delivers on the Government's commitment to allocate 30% of total "Restart NSW" investments into regional areas [and] The Government also committed \$AUD 6 billion in projects in regional NSW from "Rebuilding NSW"' (NSW Government, 2016b, p. 3). The 'Regional Overview' (NSW Government, 2016b, pp. 6–11) lists these programs by type and highlights spending by some regional areas (North Coast; Western NSW; Southern NSW; Hunter and Central Coast; Illawarra and South Coast).

Fourth, the 2016–17 Budget Papers include an interactive online map where 672 projects are listed – and for which hotlinks provided – across the state divided into various categories ('Community Services', 'Education', 'Government Services', 'Health', 'Police and Justice', 'Roads', 'Transport' and 'Utilities' – see NSW Government, n.d.). Citizens are being actively encouraged to view the spending – much of which is directed to infrastructure – in their regions.

Examined as such, namely through the lens of the NSW Budget 2016–17 and the economic future of the state depicted therein, it would be easy to reach the conclusion that these spending decisions are politically unproblematic. However, this is not the case and in fact significant

¹² The implementation of these plans is depicted in video format and with interactive digital maps (for example: 'Click on the map to see what's happening in your area!') across a range of government department websites, including NSW Department of Planning and Environment (DP&E, n.d.), Transport for NSW (n.d.) and Roads and Maritime NSW (2016).

criticisms of these spending decisions have been put forward by authoritative sources. First and perhaps most significantly, in 2016 the NSW Auditor General's *Report on State Finances* (Auditor General NSW Auditor General, 2016, p. 4) revealed that in FY 2015/16 only 10% (not 30%) of the 'Restart NSW' funds had been allocated outside the Sydney-Newcastle-Wollongong area to regional NSW. This finding prompted National Farmer's Federation and the NSW Farmer's Association to call for a more equitable allocation of funds (Alexander, 2016).

Second, the City of Sydney itself and the NSW Greens have, arguably, spearheaded the public campaign against capital investment on roads for private vehicles at the expense of public transport. As we have seen, the Budget Papers for 2016/17 highlighted the quantum of funds to be outlaid for large public transport infrastructure projects, including increasing the capacity of the Sydney metropolitan rail system and extending rail in the Northwest and Southwest of the city (NSW Government, 2016a, p. 2–9). Yet criticism of infrastructure planning has focused upon 'WestConnex', a series of major road upgrades and new developments designed to facilitate road transport, principally by privately owned motor vehicles, from Sydney's Greater Western region to the CBD and the Eastern Suburbs including Central Sydney (see [DP&E NSW], n.d.a). In its 'Strategic Review of the WestConnex Proposal conducted for the City of Sydney, SGS Economics and Planning (2015: 1–3) argued that the WestConnex projects are flawed from a planning perspective for five main reasons. First, that 'It is highly unlikely that there will be sufficient demand to ensure various WestConnex toll roads are [economically] viable'. Second, it noted that planning for WestConnex – predicated essentially on commuters travelling for the outer western suburbs to the city – had not taken into account the decentralisation of employment based around the development of Sydney's second airport in the west (SGS Economics, 2015, p. 1–2). Third, 'It is not guaranteed that WestConnex would reduce traffic from local roads' (SGS Economics, 2015, p. 2). Otherwise stated, the planned toll roads would become white elephants, with commuters choosing routes via local roads through the Inner West of Sydney, degrading the infrastructure and having a negative impact upon residents. Fourth, SGS Economics and Planning expressed concern about a lack of due diligence on the part of government with respect to the financial viability of the developments; fifth, it argued that the government had not adequately considered alternative solutions (SGS Economics, 2015, p. 3–4).

It might be seen as predictable that a report commissioned by a 'green' City of Sydney council would question the logic of WestConnex. In fact several adjacent Inner West councils, some being represented in the NSW Legislative Assembly by members of the NSW Greens (see, for example, Leong & Parker, 2016) have published their own objections to WestConnex and made dissenting submissions in the course of the community consultation process undertaken by the Department of Planning and Environment for WestConnex (see, for example, Leichardt Council, 2015). However, equally significant as these local objections is that the project was scrutinised by the Australian National Audit Office (ANAO, 2017) due to it attracting two tranches of federal funding on the basis of recommendations put forward by Infrastructure Australia, the statutory body tasked with making recommendations concerning infrastructure investments of national significance (see Infrastructure Australia, n.d.). The two tranches of funding comprised a \$1.5 billion grant, which received bipartisan support at the federal level, and which was approved prior to the 2013 federal election and paid to the NSW government in full by November 2016; and a \$2 billion 'concessional loan' announced by the Turnbull Government following its winning office in the 2016 federal election, of which \$408.1 million had been paid to the NSW Government by November 2016 (ANAO, 2017, p. 7).

The ANAO was subsequently tasked with undertaking an audit of this federal funding, specifically 'to assess whether appropriate steps were taken to protect the Australian Government's interests and to obtain value for money' (ANAO, 2017, p. 7). The ANAO released its Report, *The Approval and Administration of Commonwealth Funding for the WestConnex Project*, in February 2017. In this document it was roundly dismissive of the 'upfront payment and approach' of the federal financing of the project, stating additionally that 'the provision of the concessional loan did not achieve the

Australian Government's objective of bringing Stage 2 of the project forward by approximately two years (ANAO, 2017, p. 8).

While the ANAO offered a critique of the architecture of the financing of the project by the federal government, arguably the underlying observation of the Report was that the project attracted hasty support for political reasons:

The decisions by both parties to provide significant support for the project were inconsistent with the advice produced by both Infrastructure Australia and DIRD [Department of Infrastructure and Regional Development]. At that stage, Infrastructure Australia had assessed the project as being at a formative stage of development. DIRD's advice consistently flagged that the project was in the very early stages of development and could not yet be recommended for Australian Government financial support (ANAO, 2017, p. 9).

Like the debate surrounding municipal reform, the debate surrounding WestConnex has been vitriolic. Indeed, there are both a utopian and dystopian scenarios of this spending on infrastructure. On the one hand, it will provide equitable, long-overdue access to the East of the city for residents of the West – albeit by a particular type of transport experience, the private motor vehicle. On the other, the toll roads will prove too expensive for everyday use and traffic will use, and degrade, local infrastructure, with the new roads in any event filling up with private cars in the near future and as such becoming a self-fulfilling nightmare. Yet the ANAO takes issue not with the substance of the policy but with the process – a process that, arguably, has been characterised by too much haste in reaching for a particular version of Sydney global city.

3.5. Conclusion

Our account of the economy of Sydney global city took as its starting point the fact that different accounts of the Sydney economy are rendered by different people and as such all render a *political* economics of Sydney global city. Following from this methodological observation, we chose to focus upon three narratives of the Sydney economy as it pertains to the global city thesis. Following the original, critical intent of Sassen (1991, 2001) Section 3.2 examined an account of Australia's economy in international comparative perspective measured by several metrics (terms of trade; household debt; government debt) and focused on the level of economic integration as measured by flows of trade and FDI. We noted that while these metrics produced a portrait of Australia's economy as comparatively robust, several cautionary observations have recently been made by both the IMF (2017) and the OECD (2017). In particular both these institutions have expressed concern about the high levels of household debt and financial institutions' exposure to this debt, grounded, at least in part, upon a speculative property boom, particularly in Sydney. Further, both these institutions have underscored that the Australian government is between a proverbial rock and a hard place on monetary policy, specifically in relation to any attempts to cool the overheated housing market in Sydney. On the one hand, an increase in interest rates would appear to be a prudent way of cooling speculative investment in Sydney's property bubble; yet on the other, this would also stifle investment across other sectors of the Australian economy. In this sense, Sydney global city can be seen to be working against the national economy. Both institutions also expressed concern about the extent to which Australia's economy is reliant upon the continued buoyance of China's economy.

Section 3.3 examined the second narrative of the Sydney economy, namely as it is measured by I-O Tables representing 14 industry classifications across the metropolitan region, comprised of data from LGAs then re-categorised into metropolitan sub-regions. We argued that the portrait of Sydney rendered from this data sees Sydney conforming to the 'spiky' global city model, with a significant percentage of gross regional product generated from 'Financial and Insurance Services', 'Professional, Scientific and Technical Services' and 'Information, Media and Telecommunications'. Nevertheless, we also noted that this

activity is heavily concentrated in the Central sub-region of Sydney, with the Greater Western sub-region *and* other sub-regions being comparatively less well placed with respect to these economic activities. The data also revealed the spatial inequality of the comparative sub-regions as measured by employment type.

Section 3.4 focused upon two policy areas of consecutive governments in NSW, namely reforms to local government and infrastructure spending. We traced the deployment of the global city argument through the commissioned reports of two particular interest groups, ‘Sydney First’ and the ‘Committee for Sydney’, arguing that the idea of Sydney as a global city has been used to justify a putatively urgent need for municipal consolidation. Moreover, this policy prescription formed an important element of the ideational atmosphere and became an integral element of the program of government reform by successive NSW Governments, and despite evidence that it would not lead to more a more cost-effective local government sector. In the case of the infrastructure spending, we saw that the State Government has gone to some length to justify its outlays. Nevertheless, affected local governments (particularly in Sydney’s Inner West), politically aligned representatives in the NSW Parliament and the ANAO have voiced significant concerns about the impacts of policy and, most pointedly, the undue haste with which it has been implemented.

With respect to the policy outcomes in the areas of municipal reform and infrastructure spending, it would be easy to side with the arguments of both ‘Sydney First’, the ‘Committee for Sydney’ and successive NSW State Government administrations. On this account, amalgamations were ‘inevitable’ (see, for example, [ILGRP, 2013: 70](#)) and the State Government is investing in the state’s strategic future post the mining boom. However, this conclusion is both convenient and inaccurate. We have seen that both policy agendas have been widely criticised by a range of stakeholders, particularly on procedural grounds. In this sense, what [Grant et al. \(2015: 49\)](#) labelled as ‘the pervasive modernity’ of the global city argument has engendered undue haste to conform to a global city model.

Our account of the political economics has also revealed that something more fundamental has occurred to the global city thesis. It has shifted from a *critical political economy and sociology* examining the mobility of capital and labour within conditions of planetary integration ([Sassen \(1991, 2001\)](#)) to an *ideology for metropolitan reform*, which, in the case of Sydney at least, has driven a policy agenda which sees increasing inequality across the city, particularly east-versus-west. This ideology involves the valorisation of international capital, and the sociological consequences that necessarily attach to this. Moreover, it is clear that the idea of a global city simply does not coincide with the institutional (*i.e.*, constitutional; legislative; fiscal) realities of Australia’s political economics. The trope of Sydney global city does not acknowledge the jurisdictional boundaries that are intrinsic to Sydney, the most prominent of which is the sovereign state of NSW and its responsibilities to the people of NSW, both within and outside Sydney. The question of what could be different about the reform agenda is one that we address in Section 7 of this Special Edition.

4. Spatial planning and transport

4.1. Introduction

4.1.1. Section outline

The global city thesis suggests globalisation has brought about a new type of city. The proposition is that, as a consequence of the international economic integration which has evolved over recent decades, a select group of cities now function as higher-order interconnected hubs for transnational economic activity. This functioning seems to bring considerable economic privilege to these cities (due to the scale, specialisation and complexity of “knowledge-sector” business which occur within them). There are spatial aspects to the proposition, with suggestions that these (economic) activities and privileges both tending to agglomerate rather than disperse, with: (1) the multi-

national firms, and numerous related specialised activities servicing them and one another, tending to cluster in particular (centralised or accessible) locations, and (2) the “global” urban spaces tending to detach from their traditional hinterlands, resulting in more pronounced socio-economic inequity and socio-spatial polarisation in these cities ([Bryan, McGuirk, O’Neill, & Stilwell, 2005](#); [Sassen, 2001](#)). Mindful of this spatial aspect to the proposition, in this section we switch the “global city” lens to city planning. We are concerned with spatial plans, infrastructure strategies (especially transport), and related governance practices, concerned with steering “the location timing and form of development” ([Healey, Khakee, Motte, & Needham, 1999: 341](#)). We are interested in how Sydney’s new emergence as a globally competitive city has influenced its spatial development patterning and how city planning in Sydney might have responded, including to any socio-spatial downsides. More broadly, we are interested in how this look at global city conceptions might help better understand both the limitations to, and scope for, city planning to assist in the delivery of more inclusive, just and sustainable urban places.

After these introductions, we start the section with a selected historical analysis which provides an explanation of why Sydney has not, until recently at least, suffered from the socio-economic disparities experienced in some other western cities. We show how, well before globalisation, Sydney was already benefitting disproportionately from global trade (primary produce-based), and how a set of historical events and related governance rationalities, helped shape Sydney to be a (relatively) spatially inclusive place for most of the 20th century. Then we show how from around the 1980–1990s to today, the period when the global city thesis has direct pertinence, “global Sydney” has come to the fore in the formulation of planning priorities, while socio-political and environmental problems have steadily worsened. This at a time when other “global” calls are suggesting a deeper urban systems crisis and how it is cities which must act as the mechanism for now essential shifts to more sustainable societal trajectories ([Revi & Rosenweig, 2013](#); [United Nations, 2015](#); [Wittmayer & Loorbach, 2016](#)).

To conclude this section we turn to recent events. Over the past five years or so, Sydney has experienced a wave of government interventionism directed towards spatial challenges. This has focused on “mega” infrastructure projects, governance reform and spatial planning (in that order). These recent dynamics have, at the same time, seen both a shoring up *and* dilution of the “global city” narrative in Sydney planning. Some connections are provided to recent (*sustainability transitions*) scholarship which provides wider explanations of the systematic blockers to steering sustainable spatial development, and on how transformative change might be effected in the face of these kinds of system problems. We conclude that the “global city” construct is only one of several rationalities that might be held to account for planning’s recent ineffectiveness, and that there are other fields of scholarship which practice can more usefully turn to if it wishes to be more influential in steering spatial change.

4.2. Sydney’s spatial development prior to globalisation

4.2.1. Early spatial development patterns promote inclusive growth

If the global city conception is concerned with competition and free markets, Sydney’s early post-industrial period could hardly have been less aligned. By the turn of the 20th century, and the time of Australia’s Federation, Sydney was mainly a trade and commerce city ([Spearritt, 2000](#)). As a consequence of extraordinary success in primary production (mostly wool), and its trade, Australians had the highest per capita income in the world at the time ([Kelly, 1992](#)). Particularly pertinent here was how, following a series of major disputes between labour and capital in the early 1890s,¹³ trade barriers began to be erected directly

¹³ Associated with the international depression, a nationally significant drought, and major industrial disputes within the maritime sector and by (wool) shearers.

aimed at fostering local manufacturing and the employment of labour under relatively generous wages and conditions. This was exemplified by the introduction of the living wage in NSW in 1900 (Stokes, 2004), and something unusual at the time, a relative affluence in all classes (Banks, 2005).¹⁴ In fact Australia's first "federal" government (1901) was formed by the "Protectionist Party" (Richardson, 2009). This inclination to an inclusiveness in economic benefit, or the idea that all classes of society should have the opportunity to improve their circumstances (the "fair go"), has played out quite strongly in Australia's public policy debate ever since. Globalisation has of course brought on new levels of ambiguity and complexity to any such socio-political ambition (see Section 2.2).

These political-economic factors, combined with an interventionist transport infrastructure provisioning strategy, at least up until the last few decades, influenced 20th century spatial settlement of Sydney, and in particular its characteristic sub-urbanisation (or sprawl). Sydney's particular manifestation of this phenomenon might be categorised into two stages: pre and post mass private automobile use.

4.2.2. Sydney as a "transit" city

In the early decades of 20th century there was already a capability for the working class to move out of the urban centre. A combination of factors was relevant. Critical was a remarkable early rail network which, when combined with networked transit services like inter-connecting trams and private motorised buses, made commuting possible by the time that Sydney's (relatively late) manufacturing enterprises began to prosper.¹⁵ Also relevant, and in a contrast to Old World cities (Healey, 2007b; Spearritt, 2000), was that the responsibility for the administration and funding of local services and infrastructure such as education, police, transport and even housing was in the hands of the State, rather than local government. This setting tended to encourage suburban growth because of the fiscal incentives coming about from land release (and sale) of State-owned land. These revenues more than offset the State's funding of infrastructure and services like education, police, fire protection and health - so a process that itself tended to be redistributive (Davison, 1993). Together this meant that, in contrast to most other post-industrial cities at the time (Forster, 2006), there were affordable and well-serviced accommodation alternatives to inner city living available to the labour force which did not prejudice accessibility to work (Fig. 18).

In turn, Sydney evidenced a decline in population from its centre from the census decade 1911–1921 a decline which continued until 1996 (Daly, 1998). To the extent that by the start of WW2, the majority of Sydney residents lived in detached cottages with a garden, in locations walking distance to a quite integrated transit service (tram, ferry and bus services interspersed between a heavy rail network) (Fig. 19). Settlement in the suburbs did reflect a social standing, but only somewhat. The upper classes tended to locate on the harbourside and in the north and eastern suburbs. The inner west were mixed class, and differentiated from the cheaper suburbs to the west again located up to about 20 km from the CBD (Spearritt, 2000, pp. 3034). What is more notable is that class-based segregation in Sydney was not to the extent experienced in US or UK cities where concentrated low income housing and inequalities of services were (and continue to be) defining characteristics (Burke & Hulse, 2015).

¹⁴ These societal developments did not represent altruism in a broader sense, evidenced by many other less benign "articles of faith" embedded in government ideology at the time, such as: terra nullius (refusal of recognition of any rights of indigenous people), white Australia (racism more generally in terms of immigration policy), masculinism (thoughts on equal opportunity did not extend to the role of women in society). See Stokes (2004) for an explanation.

¹⁵ Most of Sydney's heavy rail system was already in place by the early 1900s.

4.2.3. Sydney transitions to an "auto" city

The end of WW2 brought mass-production of private motor vehicles to Australia and the second, or car-based, phase to Sydney's urban spread. Unlike the UK and European countries, Sydney and Australia were in a boom immediately post-war and a period of sustained economic growth lay ahead. The Australian government had adopted an ambitious post-war reconstruction and population expansion program, including an "aggressive national immigration policy" (Evans & Freestone, 2010, p. 226). Sydney's population doubled in 24 years between 1947 and 1971 to over 2.7 million. This was a time of the post war baby boom. With direct supportive moves from both federal and state government, home ownership ambitions heightened and ownership levels jumped quickly from just over 50% pre-WW2 to a steady 70% by the end of 1950s (continuing at this rate up until a recent drop off).

The location of this new housing was a testing ground for town planning and governance in Sydney. As introduced in Section 2, the early post-war period brought about the creation of Cumberland County Council (CCC).¹⁶ This first metropolitan planning authority for Sydney was tasked with preparing a master land use plan for the Sydney community up to the year 2000. Transport was a key theme of the Cumberland Plan. It made visionary provisions for both rail extensions to, and in between, intended satellite centres at the county perimeter, and a comprehensive system of major highways and motorways (Ashton & Freestone, 2008). The latter driven by input from the powerful Department of Main Roads. In a departure from the past but consistent with most of the following half-century, the road lobby was much more effective than the rail lobby in gaining infrastructure funding as Sydney's urban perimeters have expanded (Hamnett & Freestone, 2000). More controversial were the Cumberland Plan's "green belt" ambitions. This was a solid statement of intent to contain suburban growth. Along the lines of modern compact city principles (Jenks, Kozak, & Takkanon, 2008), the green belt would promote the concentration of development in more readily serviced areas. The green belt was also seen as an opportunity to provide space reasonably close to housing for agricultural production and recreation resource opportunities.

The government's aspiration was the creation of a "powerful metropolitan authority to plan for Sydney as a whole" (Harrison, 1971, p. 129), reconciling the many local, State and national level interests and more effectively accounting for new infrastructure costs of population growth. Despite government assent and support from the NSW Premier, this ambitious interventionist undertaking was brought to a demise in 1964 as a consequence of the combined efforts of a large group of disaffected land owners, hostile government agencies and other disaffected parties (Evans & Freestone, 2010). In a message for Sydney's current efforts at metro-level planning interventions, the CCC "project" was an early evidencing of the degree of difficulty in succeeding with spatial governance innovation in entrenched settings, even with top down imprimatur, supportive changes to legislation and sound "rationalist" planning.

The demise of the CCC did not signal a step away from positivist comprehensive plans. The next effort was released in 1968 and came under the name the Sydney Region Outline Plan (SROP). What the SROP did signal was the setting aside of any compact city ideals. This period saw a concerted shift to the west for city-based manufacturing firms which were seeking to replace existing plant with new technologies, looking for wider access to labour, and becoming less reliant on rail or water-based transport systems (Wotherspon, 2008). It was

¹⁶ The County of Cumberland boundaries closely equate to current Sydney metropolitan planning boundaries but excluding the Illawarra and Central Coast/Hunter areas. It is generally bound by the Hawkesbury Nepean River system to the north and west, and south beyond Camden and Campbelltown to Appin and near Bulli on the coast.

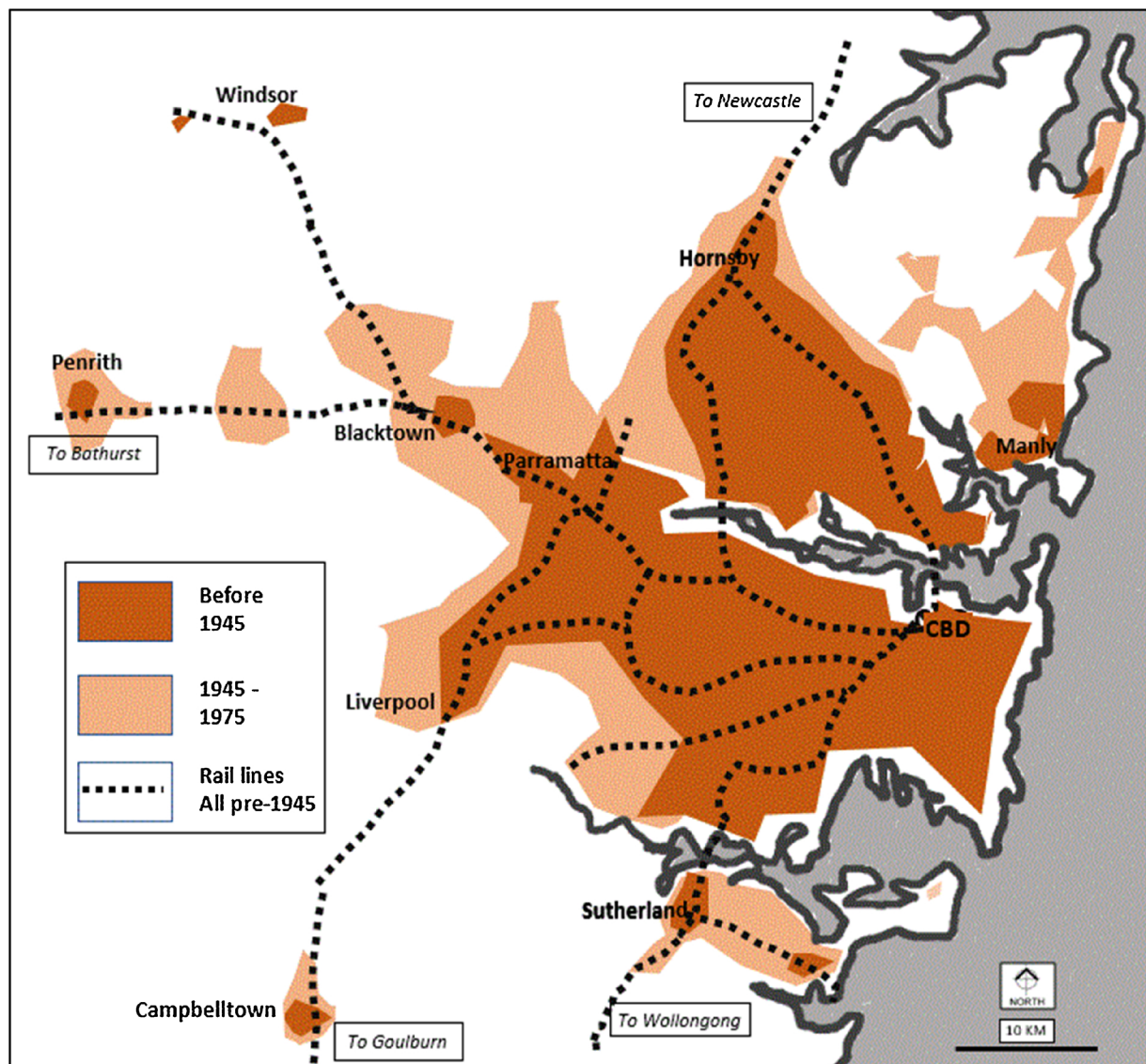


Fig. 18. Sydney's early spatial patterning—ferry, tram and then bus systems filled in the heavy-rail gaps.

around this time that manufacturing reached its peak in the Australian economy at just under 30% of GDP and employing over 25% of the workforce (Kelly et al., 2014, p. 5). This period also saw a shift in the structure of retailing with the government supporting expansion of local and regional shopping to ease congestion in the CBD. These dynamics in Sydney's industrial and retail geography, linked to a set of interconnected shifts (high employment levels, strong wages growth, government housing incentives, freeway construction) which together positioned Sydney for high levels of dispersed, car-dependent, housing growth over the coming four or five decades. (Dodson, 2012; McGuirk, 2005; Spiller, 1999).

4.2.4. Sydney's spatial patterning reaches a zenith?

Turning to broader social factors, the 1970s can be thought of as the zenith of a societal predictability and security which would bring astonishment to many residents of today's Sydney as it works to find a place in a much more complex global environment. It was a time of relative political consensus in policy areas like: centralised wage fixing, a regulated financial market, public infrastructure monopolies, secure career paths through the trades and expectations of secure public service employment for those who sought it out of school (Spiller, 1999). The spatial patterning of Sydney, also seemed to be "on the right track".

When looking back to the pre-globalisation period, what today comes under the broad description of "city planning", can look back at a legacy of better housing opportunity for all classes, improvements to public health and sanitation, the control of pollution more generally, activities to protect our ecological systems and cultural heritage, and the roll out of various critical infrastructures for waste management, water, transport, communication, energy as well as community facilities. Post-war suburban expansion went hand in hand with "good jobs (moving) to the growth areas as quickly as aspirational households decamped from the inner city" (Spiller, 2013, p. 5). In the simpler world of the better part of the last century, Sydney's urban spatial arrangements provided one of the underpinning factors for a period of quite inclusive social and economic progress.

4.2.5. Globalisation takes hold

But it was also around this time that Australia's isolationist approach and its protectionist economy would start to catch up with Sydney, as volatile international developments began to have an effect (Eslake, 2007). As discussed in Section 2, a restructuring process was underway centred on market liberalisation (neoliberalism) as the cornerstone of economic policy. Austerity measures (including reduced Federal government payments to States) brought about a higher level

awareness on the part of government of the fiscal implications of urban sprawl (Searle, 2007). From about 1980, metropolitan planning regained an interest in denser settlement and sought to impose limits on fringe area growth. This was through the imposition of a set of blanket state policy provisions, encouraging medium density housing which overrode more conservative local council controls. The planning doctrine known as “urban consolidation” had activated, which bundled fiscal ambitions for reduced government outlays with other planning goals like more affordable housing, more effective transit options, also linking to new wider thinking on sustainable urban settlement more generally. This policy had considerable early effect in “brownfield” (former industrial) sites in inner metro areas. However, the idea of increasing housing stock in established low density suburban settings has been resisted strongly at the local level (especially in Sydney’s more affluent northern suburbs), with considerable political effect (Searle, 2007).

With its attractive harbourside setting and as Australia’s major international air and sea port, Sydney was well positioned to attract increasingly globalised flows of financial capitalism which came with both national and international financial deregulation (Productivity Commission, 1999), and by the mid-1980s, Sydney already housed regional headquarters for 73 foreign banks compared to only six in Melbourne (Searle, 2013). From the mid-1990s the political discourse had shifted to embrace global competition and a conscious agenda of seeking “global city” status had emerged in Sydney and began to become prominent in government rationalities (McGuirk, 2004). This was also the time of a purposeful shift from government to *governance* with various business elites, lobbyists and NGOs making efforts to both provide a unity of discourse (with the global city agenda) while also seeking to align their individual factional interests in encouraging stronger partnership between government and business, and an increased entrepreneurial outlook (McGuirk, 2004). A “hard core” version of global Sydney gained some notoriety when the Committee for Sydney, a group of business and property elites, claimed that other parts of Australia (“beggar states”) were holding Sydney back, and that “what’s good for Sydney is good for Australia”¹⁷ (Allen, 2001). It will be shown later that the Committee for Sydney has been calling for a much more inclusive policy approach today.

Continuing failing efforts at coordinating government agencies, along with increasingly organised and politicised resistance to change (especially compact city propositions by planners themselves) tended to dilute metropolitan spatial planning efforts (Dodson, 2009). So city shaping efforts were focused more on individual “projects”, such as venues for the Sydney Olympics (2000), tourist and entertainment areas around the harbour, business park development such as in Macquarie Park and Norwest, and innovative suburban fringe development approaches such as Rouse Hill (Thalis & Cantrill, 2008). A feature popular to elite development and business interests (but less so on occasions to local community groups) was the introduction of special Ministerial powers to make such projects more attractive to global investment interests (Stilwell and Troy, 2000, McGuirk & O’Neill, 2002). But perhaps the foremost “projects” were concerned with transport infrastructure provisioning. By the mid-1990s, the private sector (especially property interests and multi-national engineering firms) began to play an increasing role in spatial patterning of Sydney, promoting on the one hand reduced regulation of fringe development and increased public private partnerships in infrastructure provisioning. At odds with the public transit focus of higher order global cities, the subsequent three decades saw development of a raft of private sector funded motorways in Sydney, now totalling more than 160 km in length - the majority subject to tolls (Haylen, 2015). In contrast, rail transport increases have been minimal (see Fig. 19).

¹⁷ Various members of the Committee for Sydney were quoted in major article in the Australian Financial Review.

4.3. Sydney today – “Strong global city and a great place to live” (for some)

The text inside the quotation marks above depicts the by-line for one of Sydney’s recent metropolitan strategy documents (NSW Government, 2014) and its clear the economic performance of Sydney over recent years has been impressive (Section 3), but how does the global city construct work spatially in Sydney’s experience? Sassen’s original thesis suggests a geographic frame, describing the “global city” as “a production function inserted in complex existing cities, albeit a function with a vast shadow effect over a city’s larger space” (Sassen, 2016, p. 97). This conception has resonance in Sydney, where an assemblage of more defined locations “flowing” from the airport to Sydney CBD through North Sydney and out to Macquarie Park, has become known as Sydney’s Global Economic Corridor. This ribbon of land accommodates the regional headquarters of multinational firms, various professional support services, Sydney’s four largest universities and related research firms, major hospital precincts, engineering consultancies, IT centres and various other creative ventures. This is the home of the vast bulk of knowledge intensive activity in Sydney now accounting for nearly 25% of Australia’s GDP (SGS Economics & Planning, 2017a).

Sydney place in global “best cities” rankings is also in part associated with its non-economic attributes. These include its striking visual setting, temperate climate, relatively low crime levels, health, cultural and recreation facilities, and social stability. In reality these attributes also have a spatial aspect to them and tend to concentrate in the environs of the suggested global economic corridor. While the metropolitan urban area of Sydney arcs out over 50 km to the west and south west of the corridor, the appealing climate is limited to the eastern (coastal) precinct, with the more populous western suburbs significantly affected by extreme summer heat and with questionable accessibility to most of Sydney’s globally appealing features. While Sydney has the highest public transport commuter mode share (Loader, 2012), the still high-levels of car dependency results in heavy traffic congestion, long journeys-to-work and very high per capita transport related CO₂ emissions (Global Footprint Network, 2016). In comparison with 27 of “the world’s key urban centres”, Sydney was rated in the bottom third in terms of mass transit coverage (PwC, 2013), a key indicator for global competition prospects (Cervero, 2013).

There is also evidence of an increasing socio-cultural polarisation in Sydney, with data since 1986 suggesting concentrating spatially-based disadvantage (and advantage) within the wider metropolitan area, separating the wealthier east and north, and the less privileged west and south (Committee for Sydney, 2013; Kelly, Mares, Harrison, O’Toole, Oberklaid, Hunter, 2013; Kelly, Mares, Harrison, O’Toole, Oberklaid, 2013; Randolph & Tice, 2014; Randolph, 2017).¹⁸ Recent information is represented in Fig. 20 where SEIFA data¹⁹ across Sydney census collector districts are mapped graphically. The concerns relating to housing affordability are discussed in Section 5, but a particular area of relevance here is the relationship between jobs and residency. Research indicates significant spatial differences in employment self-sufficiency (jobs per employed residents), which disadvantages outer metropolitan Sydney (BITRE, 2013). In fact over the past decade, while population growth in Western Sydney has grown faster than the rest of the metropolitan area, its economy has recorded slower growth including in regard to the number of jobs located in the region notably in regard to youth unemployment rates (and youth participation rates) (Montoya,

¹⁸ The work of references census data from 1986 to 2006, but mapping of SEIFA index data from the 2011 census is included in the body of the thesis which implies this continuing trend.

¹⁹ Socio-Economic Indexes for Areas (SEIFA) is a product developed by the ABS that ranks areas in Australia according to relative socio-economic advantage and disadvantage.

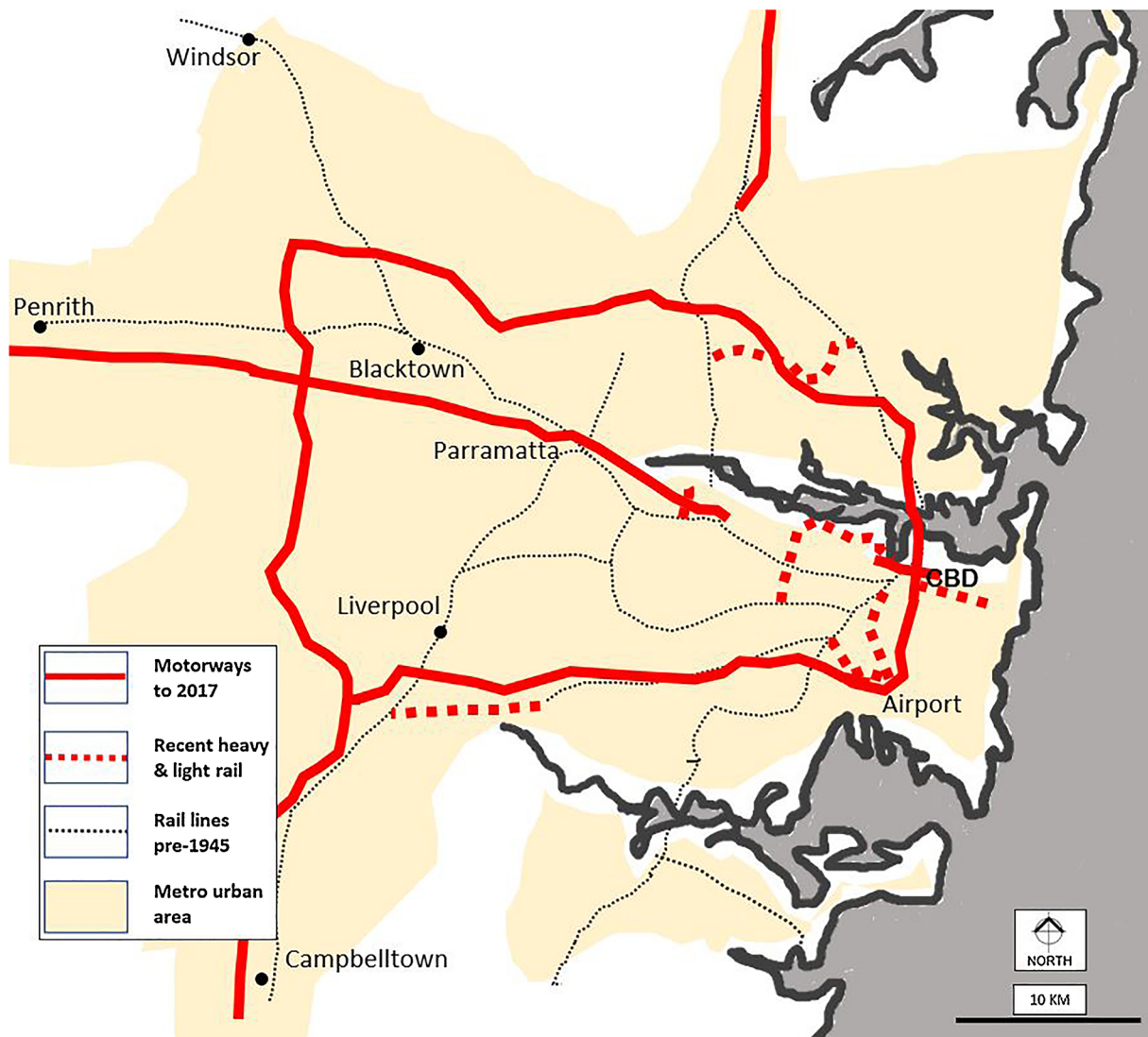


Fig. 19. Motorway construction trumps rail projects post globalisation.

2015). So today we see a trend towards decreased opportunity in outer suburban communities, while at the same time spatial expansion of the city continues. So at one level the growing of high value knowledge sector jobs in a global Sydney is an appealing one. In economic terms it seems to be crucial that this sector continues and expands if living standards are to be maintained. However agglomeration economics would have it that the high-value economic sector would continue to concentrate, spatially, over time. The problem becomes one of: “how do you get people to those jobs, or how to get those jobs to where people live” (Wade, 2014).

4.4. What next for Sydney – global and otherwise

The global city thesis has generally been borne out in Sydney. As shown in Section 3, Sydney has enjoyed heady economic success since globalisation but, as Sassen would have predicted, the city has become more socio-spatially divided. Other environmental problems have also exacerbated. City planning (in the narrow sense) seems to have been one of the more progressive *orientations* over the last few decades. That is to say there is considerable recognition of the problems. But planning’s institutions have had limited effect on metropolitan spatial development in Sydney in the face of today’s more complex pressures and expectations. Scholars might not be so surprised at this. The position is consistent with the criticisms suggesting planners know much more about “ends”

than the socio-political “means” of achieving change (Flyvbjerg, 2002b; Lawhon & Murphy, 2012).²⁰ Nonetheless, over the recent past a lot of planning-related activity has been going on in Sydney, most of it accompanied by self-described claims as to “transformative” capacities. Now we turn to this work and evaluate its capacity to assist with the transformation of Sydney (global and otherwise) to a more sustainable, rather than just more economically competitive, trajectory.

4.4.1. Planning and transformative capacity

For some time now, scholarship has become more focused on institutionalised “path dependency” and the increasing difficulties in achieving normative urban change through either technology advances or government policy and/or fiscal interventions (Garud & Karnoe, 2013). The suggestion is that urban problems like spatial inequality are deeply embedded in societal structures, and the now persistent failure in the steering of urban change to normative goals (in the wider world) is a “systems” problem (Meadows and Club of Rome and Associates, P., 1972). Under this thinking, rather than just new plans or funding priorities, achieving what is required will depend on “the creation and institutionalisation of new, radically different societal rule sets and

²⁰ Or as Flyvbjerg puts it: “... the quandary of normative idealists ... they know where they would like to go but not how to get there” (2002a, p. 57).

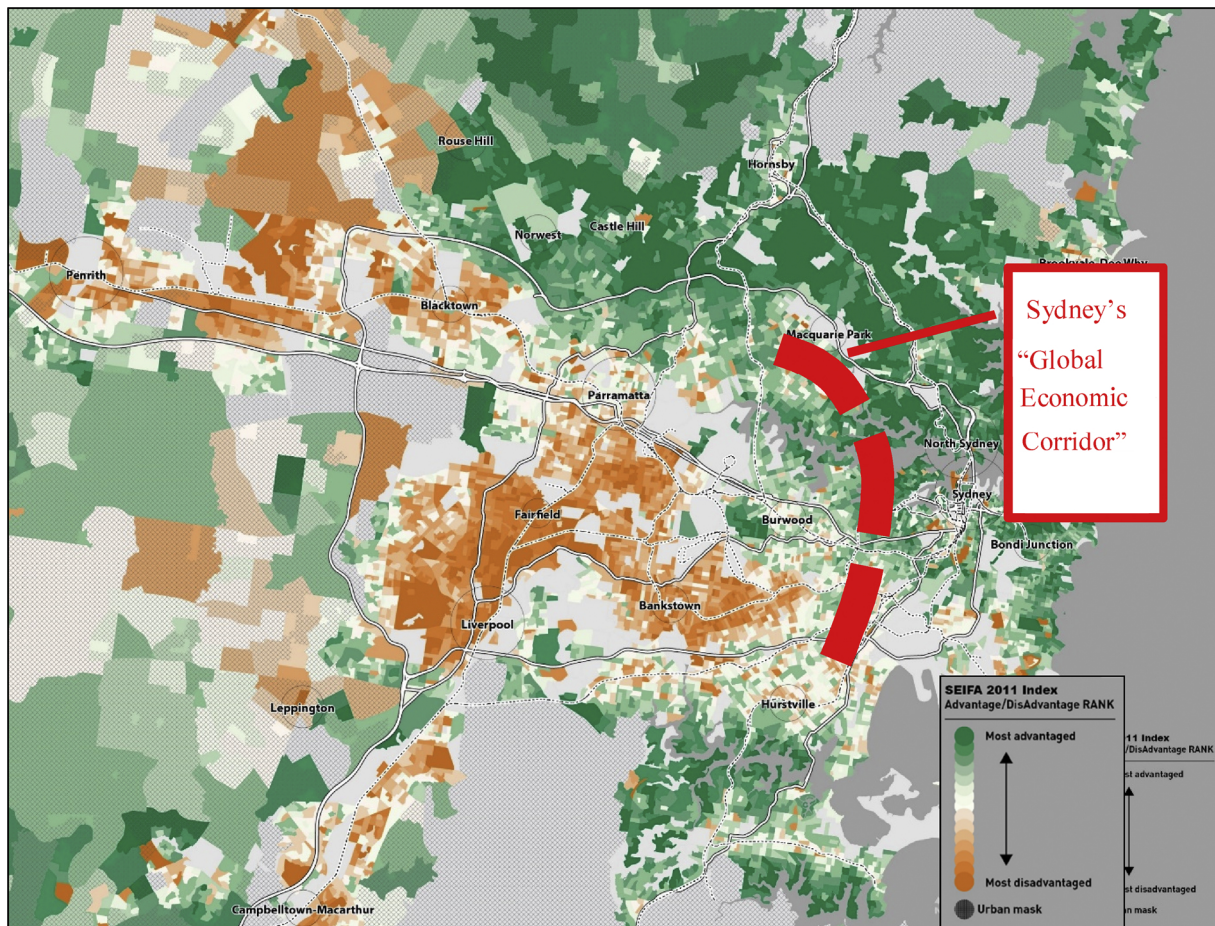


Fig. 20. Divided city Sydney: “global” east and north vs “non-global” west and south.
Source: SGS Economics and Planning as modified.

practices” (Schot, 2014). A field which focuses deeply on this urban system shift, including what practically might be involved in bringing it about, has come to be termed “sustainability transitions” (ST) theory. Any substantive exposition of this field is beyond the scope of the paper. But what can be mentioned here is the field’s *exclusive* attention to what is involved in steering transformative change in complex societal systems (like city planning), and its reliance on the scholarly linking up of, already interdisciplinary, academic fields,²¹ including the history of societal change, complex systems, evolutionary economics, sociology and governance studies (see for example Grin, Rotmans, & Schot, 2010).²²

ST theory in a sense starts with the “multi-level perspective” (Geels, 2010). The suggestion is that urban transformations do not come easy because of “lock-in” within the patchwork of established “socio-technical regimes”. Certain institutions (cognitive rules and routines) within and amongst different sectoral interests (in our case this could range across development interests, NIMBY groups, politicians and bureaucrats) embed stability and structurally resist change. Transformation only comes about as a consequence of a major shift within regime arrangements. Any such shift is usually dependent on the effects of a network of innovation at the micro (or “niche”) level, combined with pressures occurring within the broader macro exogenous

environment (the “landscape”). ST theory posits (here in alignment with Healey (2007a) and social institutionalist thinking) that transformative potential is more so generated as a result of the purposeful reframing of these rules and routines (“institutions”), rather than by concentrating on new laws, plans or projects (we have seen much of the latter in the recent past in Sydney).

Acknowledging the considerable literature on the topic, if we were to adopt a single conceptual cornerstone for this “reframing” here, it might be concerned with purposefully designing-in *reflexivity* and opportunity for agency among stakeholders at different scale levels. This concern is with creating spaces for diversity and interaction and designed with a *particular purpose* of introducing productive tension, self-questioning and some confidence in reciprocal behaviour, such that existing path dependent patterns of *unsustainable* development might be shifted (Grin, Rotmans, & Schot, 2011, eg Section 3.4). By scale levels here we mean activity ranging across: grass roots community behaviours (including participation in planning fora), sectoral interest group participation, “line” and “central” government bureaucracies, political operatives and executive government.

So, the global city paradigm and its tendency to an unquestioning agenda centred on economic performance (above all else) among urban elites in cities like Sydney (McGuirk, 2004), would sit in direct contrast with ST scholarship as a means of evoking transformative change. We will now introduce a set of recent major planning interventions in Sydney and with brief comments on transformative potential, referencing ST (and related) scholarship and global city thinking as contrasting background frames.

4.4.2. “Mega” transport infrastructure projects

Sydney today is awash with infrastructure expenditure as a series of

²¹ Providing for an outward looking orientation, something Friedmann suggested planners need to do more of if they are to assist with today’s more complex urban challenges rather than just “drift with the mainstream” (2008, p. 249).

²² Other references which draw particular attention transitions and the transformative capacities of cities include: (Bulkeley, Broto, Hodson, & Marvin, 2010; Loorbach, Shroyama, Wittmayer, Fujino, & Mizuguchi, 2016; Wolfram & Frantzeskaki 2016).

“mega” transport projects rollout. While property and engineering sectors within the urban regime typically push such projects, so to do consultants and labour interests due to the work they create (Flyvbjerg, 2014). The two largest projects will be considered briefly here. The first is *WestConnex*—a 33 km motorway project arcing through inner and middle Sydney (part new underground tunnelling and part augmentation of existing motorway) with an estimated total cost of \$16.8 billion (Auditor General, 2017). Traffic congestion is a key weakness of global Sydney, but this massive project, which has at least short term potential of better linking western Sydney and global Sydney activity, has been criticised on many fronts; for example as: (1) a missed opportunity for urban renewal and integrated transport planning, including from within the urban elite²³ (Hasham, 2014), (2) providing short term benefits only due to induced private car travel demand (Litman, 2015), and (3) poorly located and backward looking at a time when many global cities are removing motorways and replacing them with high volume transit to reduce car dependence and carbon emissions (Newman & Kenworthy, 2015). The road project’s inception, garnering of political favour and funding support, and eventual (and seemingly continuing) upscaling, presents as a case study of something *other than* a departure from existing path dependent decision making and patterns of *un-sustainable* development. Academic and former board member of Infrastructure Australia²⁴ Peter Newman, has claimed the project lacked an impartial assessment of merit and gained favour, less as a consequence of some kind of unified global city discourse on the part of business or development elites, and principally because it gained a champion by way of an incoming Prime Minister who employed a particular political ideology based on roads-only infrastructure funding. Newman put it this way²⁵:

Westconnex had nothing to do with Infrastructure Australia processes, nothing about our strategic approach to building transport, nothing really about getting better economic productivity, let alone sustainability outcomes.

A second major infrastructure project is Sydney Metro - a heavy rail line involving over 20 new stations and a new harbour tunnel, and augmentation of an existing line, with an estimated cost of \$20.3bn (Baird, 2016). Transit is global Sydney’s pathway to a more sustainable and productive future and this project can help. But again with the scale of expenditure, the question of who wins and who loses arises. As shown in Fig. 21, the line runs principally through Sydney’s already privileged northern suburbs.²⁶ The revamping of the line to Bankstown is proposed as an urban renewal project, with the rail upgrade to act as a catalyst for more “more homes, jobs, better public spaces, shops and cafes” (NSW Planning & Environment, 2016) within walking distance from stations.

The intentions in regard to improved urbanity around these town centres (some in disadvantaged parts of Sydney) and undoubted ultimate benefits in terms of transit connections between these middle suburbs and “global Sydney” have transformative potential. But a major criticism here is the missed opportunity for public benefit for the large

increases in property value along the line which come about as a consequence of the improved transport services and up zoning to allow apartment development. The numbers here can be important, with evidence of threefold property value increases along the future northern metro line occurring years before operation.^{27, 28} While there has been talk in the halls of government, campaigns on the part of development interests arguing value capture as a “new tax”, and further affecting housing affordability, has so far prevailed. So the opportunity for some returns on this mega project, perhaps for re-allocation to other transit projects in needy areas further to the west and south-west Sydney seems to have already been missed as, due to problems with retrospectivity, policy changes (on capture of a proportion of pre-development property value uplift) needed to occur prior to the government’s announcements of increased development potential and subsequent arbitrate effects (Randolph, 2016).

There will be benefits from this quite massive heavy rail investment (Transport for NSW, 2016), which aligns with sustainability principles and landscape level shifts away from cars and towards transit on the part of the younger generations in Sydney (Raimond & Mithorpe, 2010). But this project, too, seemed to upscale (in scope and costs) with a rush, and on the face of it, driven from within the government’s Transport bureaucracy and ministry, rather than with any obvious effort at deep intragovernmental cooperation and reflexivity to capitalise on interdependencies. There is no great transparency on why this particular project was selected over other options (e.g. a rail connection between Parramatta and Epping, a metro line between the CBD and Parramatta or a connection to Western Sydney Airport), and the “rush” seems to have meant an overlooking of a potential financing source for other big capital projects which may assist in Sydney’s labour force productivity and social inclusion. The global city thesis helps somewhat in understanding Sydney’s recent questionable transport infrastructure investment, including as part of a political rush to be seen to be active in support of global Sydney ambitions. But these major governance interventions seem to be better understood through the lens of Flyvbjerg’s (2014) work suggesting big risks in reliance on mega-projects, and providing more explicit and precise criticisms of the rules and routines which tend to be inherent to such projects globally. This work provides heuristics to assist in scrutinising the rules and routines involved in the development of these projects. For example it uses extensive analysis and documentation to draw out what is suggested as an “iron law” of megaprojects: “over budget, over time and over again” (p9); and particulars on how and why such projects tend to be, systematically, subject to “survival of the unfittest” (p14).

4.4.3. Governance

As discussed in Section 2, Sydney is in the early days of some big shifts in urban governance with the creation of the Greater Sydney Commission and local council amalgamations. A big question is the extent to which new routines and rules associated with these changes in governance structures might open up transformative opportunities. The State government’s call to take major planning-related powers away *from itself* seems to be a massive call on the ‘opening up’ side, which has good potential to take election cycles and populism out of planning decisions. But if the GSC takes on the long term social and economic failings of Sydney, it would be expected, under ST thinking, to draw out plenty of powerful enemies looking after shorter term agendas, facing a

²³ See comments from former Premier of NSW and Head of Infrastructure NSW Nick Greiner, and Lucy Turnbull then head of the Committee for Sydney in Hasham article at this source <http://www.smh.com.au/nsw/westconnex-turnbull-greiner-criticise-the-very-sad-outcome-20141202-11ydfz.html>. Accessed 4/3/2015.

²⁴ Infrastructure Australia is the independent statutory body with a mandate to prioritise and progress nationally significant infrastructure projects.

²⁵ Video presentation by Peter Newman to City of Sydney Westconnex Public Meeting 20 March 2015. Video available at this link (with quote at 2min from commencement approximately): https://www.youtube.com/watch?v=NOKI_cEROzw. Accessed 4/3/2015.

²⁶ There have been criticisms that for CBD commuters from Sydney’s north-western suburbs the new rail line will in fact provide a slower trip than existing rapid bus services (Clifton, Mulley, & Hensher, 2014).

²⁷ It has been reported that eight detached dwellings which in 2012 were valued at around \$1.2 million each, located in Epping (a hub connecting the new North West Rail link to the existing rail system), were sold at an average value of almost \$4m in 2014 reflecting increased development potential significantly as a consequence of the new rail infrastructure (Hutchinson, 2014).

²⁸ See also analysis by SGS Economics and Planning suggesting a form of development licensing fee associated with value uplift of more than half a billion dollars per year in Victoria (2017b).

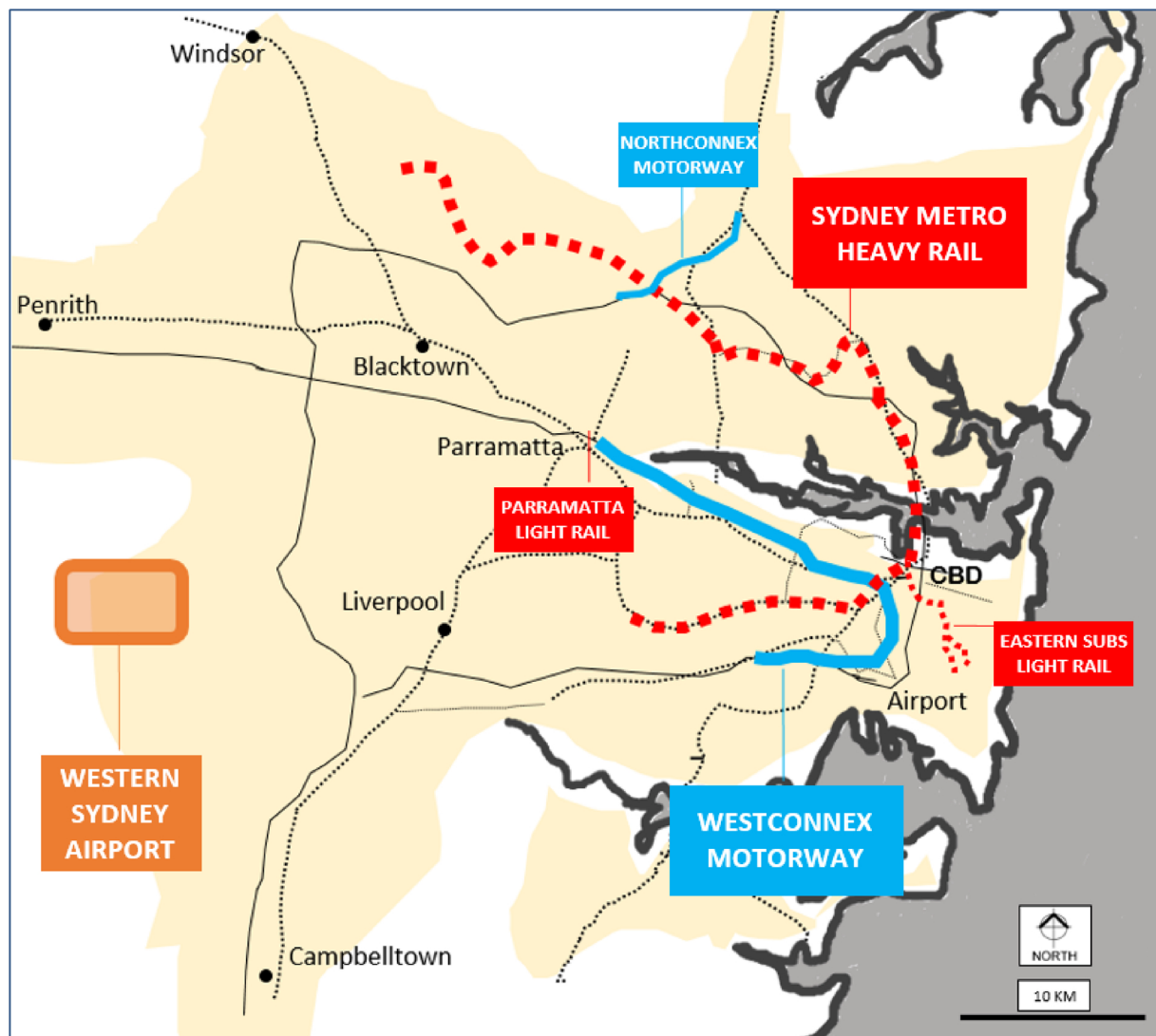


Fig. 21. Sydney's major committed infrastructure projects.

similar fate to Cumberland County Council. An interesting and perhaps unexpected ally, so far at least, has been from *within* the urban elite. The Committee for Sydney (introduced in Section 4.2.5 in regard to what was suggested as its 2001 “hardcore” global city discourse criticising “beggar states” and their drag effect on economic success), has been more recently foregrounding what it calls “the great structural divide in Sydney”. The committee has now published three editions of a report titled “Adding to the Dividend, Ending the Divide” (2017) which explicitly links spatial equity and “global Sydney”, specifically referencing terms like “inclusive growth” and “spatial and intergenerational equity” (p4). These calls suggest an engagement with the complexity of Sydney’s spatial challenge and a departure from simplified version of the problem and business-as-usual argument centred on economic growth. Coming from a group whose membership include some of the firms who have benefitted most during Sydney’s recent (unsustainable) patterns of spatial development, the calls also imply the kind of reflexivity and creative tension suggested as important in ST scholarship.

From the perspective of sustainable spatial development, the important aspect of the council amalgamations is the increased power that this larger scale representation can bring. Again “working well”, these large councils can provide a group of new strong voices representing large population districts within Sydney (including those less privileged) in future debates with government authorities, lobbyists and other privileged voices. This improves the prospects for the exposure of

institutionalised failings within the wider urban regime, including in regard to better planning and services provisioning (such as mega infrastructure projects and matters such as value capture). There is already some evidence of this with the amplified media exposure gained by two now very large population councils with their submissions criticising aspects of the metropolitan planning strategy work of the GSC, including the headline “Councils push Greater Sydney Commission for infrastructure - not just houses” (Saulwick, 2017), and some possible major opportunities ahead with apparently billions of Commonwealth dollars available for future “City Deals” in metro Sydney (Fletcher, 2017). Council amalgamations also bring a new *potential* to promote well designed and inclusive urban growth at the *local* scale, which can be trumped by first order thinking resistant to change. The global city thesis seems again less useful in this particular urban setting than ST thinking which provides a theoretically rigorous grounding in support of non-traditional democratic processes (such as randomly selected citizens juries) in response to what is argued to be a modern structural tendency to favour loud minority voices, or what is termed today’s “undemocratic fundaments of institutionalised democracy” (Jhagroe & Loorbach, 2015, p. 69).

4.4.4. Planning

It is inappropriate to critique the specifics of the planning work of the Greater Sydney Commission here, as the first release of its outputs

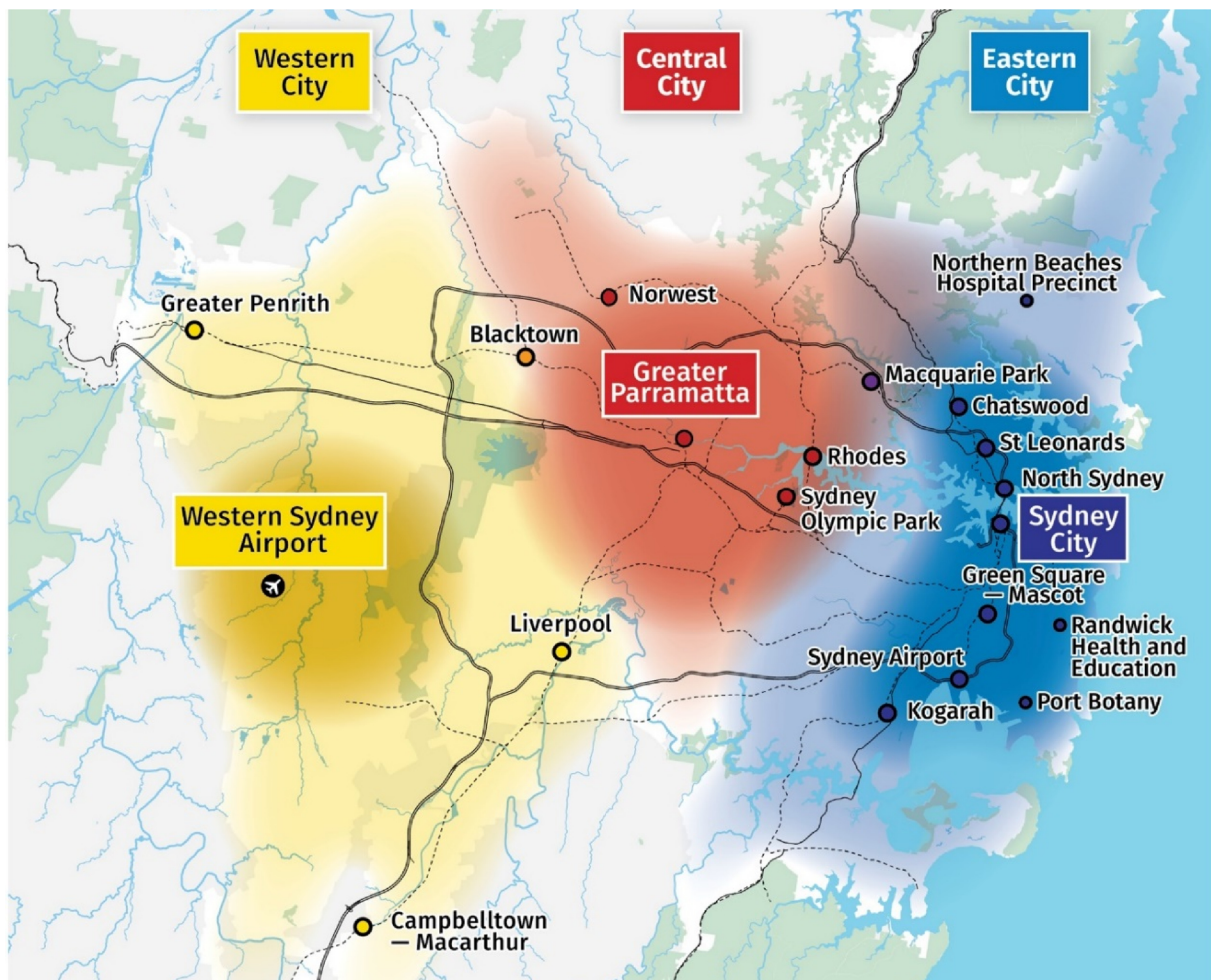


Fig. 22. A metropolis of three cities: Global Sydney.
Source: Greater Sydney Commission.

are in draft stage only at the time of writing. However, of particular pertinence to global Sydney thinking, is what is described as a “major shift” in planning “vision” to focus on “the significance of central and western Sydney”. So while the 2015 plan is by-lined as “a strong global Sydney - a great place to live”. The more recent work is headed as “Towards our Greater Sydney 2056” - a “metropolis of three cities” (Greater Sydney Commission, 2016, p4). Without setting aside the global Sydney conception, the GSC uses the term with the challenge of spatial equity front of mind.²⁹ This three cities approach inherently provides for a dilution of activity from the established “global economic corridor” and the “Eastern City”, with what must be a steering of increased knowledge sector economic activity towards Parramatta (“Central City”) and the environs of proposed Western Sydney Airport (“Western City”). See Fig. 22.³⁰

These propositions are not without their problems. For example the reliance on an “aerotropolis” as a transformative impetus for the current jobs disparity seems heroic in the face of the scale of the jobs imbalance problem (O'Neill, 2016) and the mixed evidence of the economic effects of

aerotropolis developments (Thierstein & Conventz, 2014). The front-end approach to global Sydney's equity downsides is a positive of the planning work to date, but more evidence is needed that the GSC can address the wider challenges confronting spatial Sydney such as: slowing the spread of suburban expansion due to the economic and social inefficiencies it brings; increasing affordable housing with good accessibility to knowledge sector jobs,³¹ city shaping transport improvements to reduce congestion and transport inefficiencies especially in the south and the west; and, approaches to relate and integrate all of the above.

4.5. Conclusion

This section has traced out the historical influences which have led to Sydney's current global city status, focusing on planning and transport interventions. The global city thesis is a useful trope here, given the light it shines on: (1) the spatial aspects of attracting and upscaling knowledge sector work in the more globalised economy (important due to historical labour productivity challenges), and (2) the inequities and inefficiencies which can tend to surround these kinds of cities (particularly significant due to Sydney's historical avoidance of the worst of spatial inequality). However, this thesis is only one of a number of rationalities which planners should be mindful of as they consider their capacity to influence. For a city like Sydney, moving in the wrong direction as far as sustainable development is concerned and with a

²⁹ For example, and with some alignment with Fig. 5, in a recent talk, the Deputy Chief Commissioner referred to a need to address a “latte line” roughly running diagonally from the airport through Parramatta as separating jobs growth from housing growth. See <http://www.smh.com.au/nsw/how-sydneys-planners-are-using-the-latte-line-to-try-and-reshape-the-city-20161215-gtcf5.html>. Accessed 10/3/2017.

³⁰ Source: <http://www.greater.sydney/digital-district-plan/586>. Accessed 11/3/2017.

³¹ Initial propositions on “inclusionary zoning” appear particularly timid at 5-10% affordable housing provision (even for State owned land).

world of problems ahead for future generations, there is a need for a more sophisticated analysis of what's involved in transformative change and a closer link between city planning governance and leading research on what can be practically done to help in the transition of cities like Sydney. This section has introduced scholarship which gives some more detailed direction on how to view and act upon the systems-based problems facing global city planning.

5. Globalisation and the housing crisis in Sydney

5.1. Introduction

We all know that there is a housing crisis in Sydney. The problem has been growing for some years, but it's reached a point where it can no longer be ignored and it stretches across the whole metro region. (Clover Moore, Lord Mayor of Sydney, March 2015)

In Australia, in the two decades post World War Two, homeownership rates continually increased and by 1966, around 70% of all households were homeowners (ABS, 1976; Dufty-Jones & Rogers, 2015; Paris, 1993). Almost all households were ultimately able to access home ownership and pay off their mortgage. The gendered division of labour meant that this was usually accomplished on one full-time salary. It was a period of rapid economic growth, near full employment and strong trade unions. Forrest's (2011: 17) analysis of the context for homeownership in advanced economies in the period up to the early 1970s captures the Australian scenario:

The homeownership of the pre-neoliberal era ... was about solidity and security-part of the Fordist social contract of relatively stable employment and wages, stronger trade unions, an expanding welfare state and regulated financial institutions.

Private renting in Australia was viewed as a transitional stage in the lifecycle (Kendig, 1984) and the number of households in this tenure declined from around 44% in 1947 (Parliament of Australia, 2009) to 19% in 1995–96 (Australian Bureau of Statistics (ABS), 2007). The social housing sector was a small (it never exceeded six percent) but vital source of housing for low-income households (Troy, 2012).

Over the last three decades the housing market in Australia and most advanced economies has undergone a profound change; housing is increasingly viewed as a means to accumulate capital, “as an instrument for profitmaking” (Madden & Marcuse, 2016: 4). Further, the real estate industry is now globalised and a major component of many national economies and it accounts for a substantial proportion of foreign investment (Rogers, 2017). In Australia, the globalisation of the real estate industry and the redefining of housing as a commodity (the financialisation of housing) have resulted in a massive increase in local and foreign individuals and/or corporations buying apartments and or homes as an investment. It is estimated that there are now 2.03 million landlords in Australia representing 15.7% of all taxpayers (CoreLogic, 2016). The shift in the way housing is conceptualised has played a fundamental role in the dramatic increase in house prices in Sydney, Australia's largest city as “[i]ncreasingly, the home is viewed as [a] repository for placing, storing and building capital” (Rogers & Koh, 2017: 8).

What this section sets out to do is to examine the housing crisis in Sydney and assess the impacts of globalisation and Sydney's status as a global city and what role Australian government policy independent of global forces play. The section first outlines the main features of the housing crisis. It then examines how Sydney's status as a global city and globalisation contribute to its housing crisis. The role of Australian federal and state government policy is then reviewed.

5.2. The features of Sydney's housing crisis

A fundamental aspect of Sydney's housing crisis is the diminishing

capacity of households to enter into homeownership due to the high price of property relative to income. This is especially so for low-income households (bottom 40%), however even middle class households are finding it difficult to purchase a dwelling. Sydney has become one of the world's most expensive housing markets. According to the Annual Demographia Affordability Survey, besides Hong Kong, Sydney is the least affordable city globally with a median multiple of 12.2 (Cox and Pavletich, 2017). The Bank of International Settlements (BIS) ranked Australia as the second most expensive housing market after Norway (Scatigna, Szemere, & Tsatsaronis, 2014). The median house price in Sydney has surged over the last two decades outstripping income growth and inflation. At the end of 2016 the median house price in Sydney was \$1.124 million up from \$874,000 in 2014 and \$561,500 in June 2008 (Duke, 2017; Wade, 2015). The ratio of a 10% house deposit to the average annual income in Sydney increased from around 50% in 1988 to 120% in 2015, thus a 10% deposit at the end of 2015 was equivalent to more than a year's average salary (Yeates, 2017). The median price for a one-bedroom apartment was \$63,000 at the end of 2016, up from \$412,000 in 2012 (Duke, 2016).

Not surprisingly, the increase in house and apartment prices in Sydney has resulted in a drop in home ownership. A recent report, based on an analysis of the Household, Income and Labour Dynamics (HILDA) longitudinal survey, found that home ownership in New South Wales, the state in which Sydney is situated, dropped from 68% in 2001 to 63% in 2014 (Irvine, 2016). First time homebuyers are being locked out of the market. Nationally, the proportion of first time buyers in November 2014 eased to 14.5%, a ten-year low. In Sydney the share of first time buyers in 2014 was around seven percent (Wade, 2015).

The second related feature of the crisis is a housing affordability crunch. A large proportion of low-income households in Sydney are in “housing stress”. A definition of housing stress was introduced in 1991–92 by the National Housing Strategy, an initiative of the Federal government. It refers to low-income households, defined as those with incomes in the bottom 40%, having to use 30% or more of their income for housing (rent or mortgage). There is much debate around the definition of housing stress (see Gabriel, Jacobs, Arthurson, Burke, & Yates, 2005), but the key point is that at a certain point, the cost of a household's accommodation starts having a significant impact on its members' capacity to live a decent life.

The data for housing stress in Sydney vary and the cost of housing and the prevailing interest rates make it a complex calculation. In 2010–2011 the Council of Australian Government (COAG) Reform Council Report prepared for the Prime Minister at the time, concluded that about three percent of homes sold in Sydney were affordable to low-income households (COAG, 2012: 12). In 2011–12, the Steering Committee for the Review of Government Service Provision (SCRGP), a government body, concluded that 14.3% of homes built or sold in Sydney were affordable (SCRGP Report, 2013: 145). Affordable housing was defined as a mortgage or rent consuming less than 30% of household income.

About a third of Sydney households are dependent on the private rental sector (PRS) for their accommodation. A recent report on the private rental sector in 15 UK cities and 72 cities worldwide found that globally, Sydney is the 8th most expensive city in which to rent (Nested, 2017). The 2012 COAG report cited above concluded that in 2009–10, 50.4% of low-income households in the PRS in Sydney were in housing stress (COAG, 2012: 19). In 2011–12, it was estimated that 43.4% were (SCRGP Report, 2013: 99). In April 2016, Anglicare, one of Australia's largest charities, analysed the 12,993 properties advertised for private rental in the Greater Sydney area on the first weekend of April 2016. The study concluded that only 43 properties (0.3%) were affordable for people dependent on government benefits for their income, and for people earning the minimum wage, 688 (just over five percent) were (Anglicare Australia, 2016).

Hulse, Reynolds, and Yates (2014: 35), drawing on Australian Bureau of Statistics (ABS) data concluded that in Sydney in 2011 there was an absolute shortage of 47,000 dwellings in the PRS for households

with gross incomes at or below quintile 1 (bottom 20% of the national household income distribution, Q1). The scarcity was compounded as other income groups occupied 5600 of the affordable dwellings so that ultimately only eight percent of Q1 households in Sydney were living in affordable housing in 2011. For the Q2 households (21% to 40% of the national income distribution), in Sydney in 2011, there was a surplus of 35,800 affordable dwellings. However, a substantial proportion of the affordable stock was occupied by Q3, 4 and 5 households ultimately resulting in 55% of Q2 households paying unaffordable rents (Hulse et al., 2014: 36).

The minimal regulation of the PRS means that private renters in Sydney face constant *de jure* insecurity. In New South Wales, once the fixed term of the written agreement/ lease between the landlord and tenant ends (fixed terms of leases rarely extend beyond 12 months), the landlord is able to ratchet up the rent to as much as the market can bear and can ask the tenant to vacate without providing any reasons as long as the tenant is given 90 days written notice.

The cost of housing in Sydney (rented and homeownership) means that low-income households, if they want to avoid or lessen housing stress, usually have to live a substantial distance from the Central Business District (CBD). Housing prices and rents in the outer ring are much lower than those in the inner or middle ring. For example, in June 2011, the median monthly mortgage repayment bracket in Penrith (it is 55 kms from the CBD) was \$1,400–\$1599 and the median rent bracket was \$225–\$249 a week. In Surry Hills, a suburb that adjoins the CBD, and which has undergone substantial gentrification over the last two decades, the median monthly mortgage repayment bracket was \$2400–\$2599 and the median weekly rent bracket was \$425–\$449 (Australian Bureau of Statistics (ABS, 2012a, 2012b, 2012c). At a Housing Summit in March 2015 to discuss the housing crisis, the Lord Mayor of Sydney commented,

There are also many people suffering housing stress – including about 84% of lower income earners in our local government area. These are the teachers, nurses, fireys [fire-brigade personnel], police and ambulance workers who keep Sydney working, who are essential to our economy, and to the social diversity that is part of Sydney's appeal as a liveable, harmonious and lively global city. Our City will not be sustainable unless people in our essential low-paid service industries can afford to live here, rather than being condemned to lengthy congested commutes from far-flung cheaper houses on Sydney's fringes (Moore, 2015).

The most recent housing price surge in Sydney I argue has been driven mainly by five interrelated factors – foreign investors, population growth and demand exceeding supply, the historically low interest rates, the favourable tax regime for local investors and government's failure to provide an adequate supply of social housing. The first two are explicitly linked to globalisation and Sydney's status as a global city. The historically low interest rates are congruent with monetary policies critical for the constitution of global markets. The favourable tax regime for local investors is an Australian federal government policy issue. However, it can be argued that local investors are encouraged by Sydney's status as a global city and the perception that residential house prices can only go up. A fifth reason, the government's failure to increase the supply of social housing, is premised on a neoliberal approach that views the provision of housing as the individual's responsibility rather than government. All of the reasons mentioned are underpinned by Sydney real estate being a site of frenetic speculation in line with Lefebvre's conclusion that in some contexts, "Real estate speculation becomes the principal source for the formation of capital ..." (2003: 160).

5.3. Globalisation and Sydney's status as a global city contributing to Sydney's housing crisis

Although it is difficult to measure the magnitude thereof, Sydney's

status as a global city and the accompanying capital and population flows have certainly had an impact on the housing market in Sydney. The interest rate set by the Reserve Bank of Australia (RBA), it can be argued is a combination of global and local forces. These three aspects – foreign real estate investment, population increase and supply and interest rates are discussed in turn.

5.3.1. Foreign investors loom large

The globalisation of real estate investment is now a major feature in global cities like Sydney (Rogers, 2017; Rogers & Koh, 2017; Wong, 2017). As Madden and Marcuse (2016: 34) conclude, "Residential real estate may be fixed in place, but it is increasingly dominated by economic networks that are global in scope". In Australia, investment in real estate by foreign investors has grown dramatically in the last decade with proposed foreign investment in residential real estate increasing from \$34.7 billion in 2013–2014 to \$60.8 billion in 2014–2015. Noteworthy is that Chinese investors accounted for about two-thirds of applications (Australian Government, 2016a). In the last decade, Chinese nationals have become the major foreign players in the Australian residential property market (North, 2017; Wong, 2017). Chinese investment in residential and commercial property in Australia has increased dramatically; between 2006 and 2014 there was a 400% increase in Chinese offshore investment in Australia and much of this investment was in Sydney's residential property market (Nicholls, 2015). At the end of 2014, it was reported that Australia, the United States and Britain are the first choices for Chinese property investors and that within Australia, Sydney is the favourite destination (Brewer, 2014). The increase in Chinese real estate investment in Australia since 2013 is staggering. The Foreign Investment Review Board approved \$5.9 billion in property investment from Chinese investors in the year ended 30 June 2013, up from \$4.2 billion in 2012 (Brewer, 2014). In the year ending June 2014, Chinese investors spent \$12.4 billion on residential and commercial property and in the year ending June 2015, \$24.3 billion (Somasundaram, 2016; Tan, 2016a). In 2016 it was estimated that 30% of all new housing in Australia were sold to Chinese investors and that this figure is higher in the case of apartments in inner-city areas (Tan, 2016a).

Wong (2017) shows how Chinese investors are driven by the perception that Sydney is a global city that is safe to invest in and many see their investment as part of a plan to eventually migrate to Sydney. Also, although Sydney prices have increased significantly for local purchasers, the Australian dollar's decline against the yuan, means that the Sydney market has been viewed as good value especially when compared with London and New York.³² The Director of the Black Diamondz Group, a real estate company specialising in the selling of high-end properties to Chinese nationals, observed that Sydney is viewed as an attractive real estate investment for various reasons - the climate, the large Chinese community and the geographical closeness are important. However, a key reason is the view that Sydney real estate is relatively cheap: "If you compare it with other cities, it is not that expensive. The weakness of the Australian dollar helps a lot" (in Pearlman, 2015).

The existing federal government legislation allows foreign investment in new residential property without any restrictions. The chairperson of Meriton, the biggest apartment block developer in Sydney, says that offshore buyers now account for between 13 and 20% of sales of Meriton's apartments without any direct marketing (Johanson, 2014). The managing director of Qualitas, a major Australian real estate management firm, commented that it is common in new developments that 40% of purchasers are foreign. Although the internet has greatly facilitated the growth of the global real estate industry (Rogers, Lin, & Yan, 2015; Rogers, 2017), a growing trend is Sydney property developers travelling to Shanghai and Beijing to sell apartments off the

³² At the beginning of 2013 1 Australian dollar bought just under 7 Yuan. At the beginning of 2017 1 Australian dollar bought just over 5 Yuan.

plan. Several of the larger real estate companies in Sydney have set up China/Asian divisions (Wong, 2017). Noteworthy is that temporary residents who have a visa beyond 12 months, this would include international students, are able to purchase established property (Rogers et al., 2015).

Although foreign investors are not eligible to purchase properties that are not newly built, it would appear that there are various ways around the regulations. One method is using relatives or friends who are citizens. As Wong (2017: 100) argues,

... when studying transnational real estate, it is necessary to take into account the global forces behind the transnational networks and practices of major actors, in particular, the contemporary migrants who become essential buyers or brokers in the transnational social fields.

Besides using contacts within Australia, Chinese based purchasers are able to obtain a significant investor visa or set up holding companies and buy established properties under Foreign Investment Review Board rules (Tan, 2016b). The data suggest that Australian residential property is a major site for money laundering. In 2016, the Australian Transaction Reports and Analysis Centre (AUSTRAC) confirmed that 5886 Chinese transactions totalling \$3.36 billion were filed as “suspect matter reports” of which about \$1 billion were related to property transactions (Chung, 2017). In 2015 the Paris based Financial Action Task Force stated that large amounts of money were being laundered out of China into Australian real estate (Chung, 2017).

Chinese investment is no longer confined to the purchase of properties built by Australian companies. Some of China's biggest property developers are now involved in the Sydney property market. For example, a state owned enterprise based in Shanghai, Greenland Holding Group, had four projects worth \$1.4 billion on its books at the end of 2014 (Johanson, 2014). The group is behind a \$600 million apartment block that will be Sydney's tallest building. A recent entrant into the Sydney housing market is Yang Huiyan, who is reputed to be China's richest woman. Her company is heading up a \$500 million project in Ryde, 12 km from Sydney's CBD. A large proportion of these apartments will be bought by Chinese investors off the plan. Wang Peng, a Chinese property developer, commented, “The amount of Chinese developers entering the Australian market is increasing exponentially and the only reason these businesses dare to venture into this market is because there is the scale and the demand” (Wen, 2014).

A contentious and complex question is what impact is the entry of foreign capital having on the residential property market in Sydney. There is no consensus. Rogers et al. (2015) concludes,

While foreign investment may affect the supply of and/ or demand for housing, and therefore housing prices, it does not necessarily follow that foreign investment is the sole or even a central cause of house price increases.

The director of a company that specialises in assisting overseas clients acquire property, has a different view: “It is no longer in question of “if” capital inflows from Asia are impacting our property markets, the questions should rather be “how exactly are they doing so?” and “to what extent?” (in Malpass, 2015). Wong (2017: 113) concludes, “Whilst Chinese purchasers made up a small proportion of overall property sales in Australia, they caused [a] disproportionate impact in certain locations such as Sydney.”

Certainly the impact is differentiated. It does seem that at the very top end of the property market Chinese buyers have pushed up prices. Sydney residential property has become a favoured place for extremely wealthy Chinese to invest. During the annual Chinese holiday, the *Chinese Golden week*, wealthy Chinese investors fly into Sydney and are chauffeured to prospective high-end properties in Rolls Royces hired by Mandarin speaking real estate agents (Pandey & Barratt, 2016). In 2015 the home of James Packer, one of Australia's richest individuals, was sold for \$70 million to a Chinese businessman who also has Australian citizenship.

The legislation restricting foreign purchasers to new homes means

that Chinese investors are major purchasers of apartments off-the-plan (RBA, 2016). There is little doubt that in the case of new apartment developments, especially those in the inner city, foreign investors are having an effect on prices. The impact of Chinese investors on the price of new apartments has been recognised by the RBA:

If a significant subset of buyers reduce their demand sharply, this can weigh on housing prices, and Chinese buyers are no exception to this given their growing importance in segments of the Australian market (RBA, 2016).

The entry of Chinese developers is also having an impact on prices. They have the capital at their disposal to outbid local investors and in the process push up the price of land. For example, in 2016, the Dahua Group, one of China's largest property companies, outbid three local companies when it purchased a 134 ha site in Sydney's west (Johanson, 2016). In a separate deal Dahua announced that it was intending to press ahead with a \$1 billion master-planned housing estate in Sydney's south-west.

5.3.2. Demand for housing exceeding supply

Demand for housing in Sydney is constantly expanding. It is being pushed by substantial population growth stemming from a combination of natural population growth and more importantly through overseas migration (Australian Bureau of Statistics (ABS, 2014). In 1991 Sydney's population was 3.54 million (ABS, 1993), in 2001 3.95 million (ABS, 2006), and in June 2015 it was 4.92 million (Australian Bureau of Statistics (ABS, 2016a). Australia's population is growing faster than most developed countries; for example between 2005 and 2009, Australia's population grew by 1.9% per year (the global average was 1.2%) and overseas migration accounted for 64% of all growth (Australian Bureau of Statistics (ABS, 2010). By June 2011, 40% of Sydney's population was born overseas (ABS, 2016b).

There is no doubt that in combination with government policy, Sydney's status as a global city has contributed to this constant increase. It is viewed internationally as a safe and attractive city. The 2015 Anholt-GfK City Brands Index ranked Sydney as the fourth best city globally (GfK, 2016). Students moving internationally for education constitute one of the great migrations of the late 20th and 21st centuries and Sydney is viewed as a primary destination. In December 2016, 713,000 international students representing 192 nationalities were enrolled in Australia's schooling and tertiary sectors (Australian Government, 2016b). Just under 157,000 were from China. Close to 40% of international students are enrolled in New South Wales and most of these students would be studying and residing in Sydney (Australian Government, 2016b). A growing trend is parents of international students buying apartments for their children (Nicholls, 2013).

Historically, the supply of housing in Sydney has languished behind demand. In a review of national housing supply over the last few years; Kusher (2015) concludes, “Sydney, where the dwelling deficiency is greatest, has experienced a much smaller increase in new supply than across other cities”. The reasons for housing construction not keeping up with demand are contested. In New South Wales, government and housing industry lobbyists contend that it is due to cumbersome and bureaucratic planning regulations that hamper delivery and the solution lies in planning reform and minimal regulation (Gurran & Phibbs, 2013). However, Gurran and Phibbs (2013) argue that the reasons for the under-supply are far more complex and that a major factor is the failure by government to provide the necessary infrastructure.

The present housing boom has resulted in more building activity. In New South Wales, 52,000 new homes were approved in 2014, the highest number in a decade (Nicholls & Wade, 2015). Most of these approvals were in Sydney. At the end of 2016 the NSW government announced that “Sydney is on the brink of its biggest-ever housing construction boom, which will see almost 200,000 homes built over the next five years” (Small, 2016).

5.3.3. Low interest rates

Although interest rates are determined by the Reserve Bank of Australia (RBA) they are clearly a response to the dynamics of the global economy. At the beginning of 2018, Australia's interest rate was 1.5%, a 60-year low. The low interest rates since the global financial crisis in 2008 have been a key factor underlying the contemporary housing boom in Sydney and their genesis is directly linked to the shift in the global economy. Over the last 28 years the sustained growth of the Australian economy (the last recession was in 1990) has been driven by strong commodity prices, the resultant mining boom and strong investment in the mining sector. The mining boom was dependent on the Chinese economy continuing to grow strongly. Once the Chinese economy slowed and its seemingly insatiable need for Australian iron ore and other minerals declined, the RBA viewed the lowering of interest rates as essential for increasing consumer demand, stimulating investment, lowering the value of the Australian dollar and maintaining economic growth (RBA, 2015). The trend to lower interest rates was also pushed by a determination to avoid a recession post the global financial crisis.

There is no doubt that lower interest rates have contributed fundamentally to the housing boom in Sydney. The Governor of the RBA, although acutely aware of the impact that the low interest rates are having on Sydney's property market, has commented that the national and global economic situation means that the Bank has no choice but to pursue a low interest rate strategy. In February 2015 he stated, "Developments in the Sydney market remain concerning, but in the end we did not see these trends as overwhelming a case for a further easing in monetary policy that was made on more general grounds" (RBA, 2015).

At the end of *The Organisation for Economic Cooperation and Development* (OECD) concluded that the possibility of a significant adjustment in the housing market in Australia remains a possibility in the event of an interest rate hike: "Significant housing market concerns remain and there is growing discord between financial market developments and rest of the economy due to the low-interest-rate environment" (OECD, 2016: 106).

5.4. National policy contributing to the housing crisis in Sydney

It has been powerfully argued that over the last couple of decades federal and state government policy has exacerbated rather than enhanced housing affordability in Australia and most particularly in Sydney. Jacobs (2015: 55) contends that the notion the Australian government is actually interested in resolving the housing affordability crisis is misplaced:

... addressing the systemic causes that shape the current affordability crisis is less of a priority for governments than the main objective of protecting the wealth and opportunities for profit for homeowners and investors.

Certainly, the favourable tax regime for investors and the failure of successive governments to increase the quantity of social and affordable housing give credence to Jacob's argument. These are discussed in turn.

5.4.1. The favourable tax regime for local investors

The favourable tax regime for local investors is viewed by most economists and housing scholars as a fundamental contributor to the housing affordability crisis (see Berry, 2006; Jacobs, 2015; Nicholls, 2014; Yates, 2008). A key tax concession is "negative gearing". It allows investors to deduct expenses on their property (depreciation costs, the interest on the loan required to buy the property, rates and maintenance costs) from the income they receive as rent and from other income such as salary (Sawrey, 2016). Negative gearing goes hand in hand with a generous capital gains tax for investors. When an investor sells a property s/he is taxed on only 50% of the of the nominal capital gain/ profit. It is argued that this tax regime encourages investors to

take out larger loans and pay higher prices for properties than they would otherwise and this in turn drives up the cost of housing and make it difficult for non-investors, especially first time home buyers, to compete. In short it encourages property speculation. Even the governor of the Reserve Bank of Australia has argued that scrapping negative gearing and the capital gains tax discounts would enhance housing affordability: "It's likely that it would reduce demand for a while, and if you have less demand for a while, you'd have lower prices and that would take the heat off the housing market" (in Ong, 2017).

Since 2012 the favourable tax regime, low interest rates and the perception that the Sydney property market is a highly secure investment, has encouraged an unprecedented influx of local investors. The investor share of housing finance in New South Wales increased from 35% in 2001 to 60% in 2014. In the year ending March 2014, \$45 billion dollars was borrowed to purchase residential property in NSW. Most of the purchases would have taken place in Sydney. This was 76% above the level of credit extended in the same period in 2010–2011 (Collins & Janda, 2014). There was a slowdown in loans to investors in 2015 as banks cracked down on investor loans amidst fears of the market overheating. However, the continued upward trend in housing prices in Sydney (and Melbourne) has seen banks soften their stance and in the year ending November 2016, loans to investors grew by 21.4% (Yeates, 2017).

5.4.2. The neglect of social housing

A major contributor to the housing crisis in Sydney has been the failure of successive federal and state governments to bolster the supply of social housing.³³ In Australia, the federal government is the primary provider of funds for social housing. There have been periods when government has viewed the provision of public housing as a priority, but these periods have not been sustained for any length of time or resulted in a fundamental shift in the provision of affordable housing. At present, social housing constitutes about 3.6% of the national housing stock, down from 6% in 1995–96 (ABS, 2016a, 2016b).

In 2008, as part of the economic stimulus plan that was put in place in response to the global financial crisis, the left of centre Labor government (the Australian Labor Party regained power in September 2007) committed \$5.64 billion to social housing and 19,300 homes were built. Although this was a significant commitment it has done little to alleviate the chronic shortage of social housing. In New South Wales, the state where Sydney is located, the waiting list for social housing is around 60,000 households (NSW Government, 2015a, 2015b, 2015c). While demand is increasing, the number of social housing dwellings has barely shifted over the last few years. At the end of 2008 about 134,000 households in New South Wales lived in social housing; in 2017 there were about 138,000 households accommodated in social housing (Australian Government, 2018). In New South Wales in the 2011–2014 period about 6000 public homes were sold or demolished and in 2013–2014, only 440 public homes were built (Robertson, 2014). The endeavour by community housing providers to make up some of the shortfall was dashed by the federal government's commitment to austerity budgets. In May 2014, it was announced that plans by community housing providers to build up to 3500 affordable homes would be scrapped after the federal government cancelled \$272 million in funding (Needham, 2014). The New South Wales government appears reluctant to use revenue raised from conventional sources to

³³ Historically housing provided by the Australian government has been referred to as public housing. Public housing is administered by the housing authorities of the respective states and territories. Over the last two decades the profile of government subsidised housing has become more complex with the increasing importance of community housing. Community housing is subsidised housing, the subsidy is provided by government, but is not necessarily government built, and the administration is mainly done by non-government organisations. When public housing and community housing are discussed in combination the term social housing is used.

build social housing. In March 2014, the minister responsible for social housing at the time announced that 590 social housing tenants in the historic inner-city suburbs of Millers Point and The Rocks were to be relocated and their homes sold to the highest bidder. By August 2018 about \$AU600 had been raised by the sell-off (Morris, 2018). The money is being used to build 1500 additional social housing dwellings.

5.5. Conclusions

What is evident is that in order to understand the contemporary housing crisis in Sydney it is necessary to take account of local policy drivers, global forces and Sydney's status as a global city. The section has shown that Sydney's status as one of the world's most expensive housing markets has been driven by a combination of foreign investment in Sydney real estate, demand exceeding supply related to Sydney's historically high population growth due mainly to immigration, record low interest rates, a very favourable tax regime for local investors that encourages real estate speculation and government inaction in the provision of social housing.

Any endeavour to weigh which factor has been most influential is difficult. However, the data clearly indicate that in the last five years the impact of foreign investment has become a lot greater. The recent enormous surge in real estate investment by Chinese investors is almost certainly pushing up the price of housing in new developments, especially in Sydney's inner-city areas. The increasing presence of Chinese developers has further cemented the impact of Chinese investors. Fears about China's economic stability and house prices, the appreciation of the yuan against the dollar, the large Chinese community in Sydney and the perception that Sydney is a pleasant and safe place in which to invest have all contributed to Chinese investors viewing Sydney real estate as a sensible investment. For Chinese nationals who have children attending university in Sydney, buying a property makes added sense.

The continued population growth of Sydney has meant that the demand for housing has been strong over an extended period. There is no doubt that Sydney's status as a global city has inspired the constant immigration to the city. The ever-increasing population has made it difficult for housing supply to meet demand.

Probably the primary factors underpinning the spike in housing prices in Sydney since 2012 have been the historically low interest rates combined with a tax regime that greatly encourages local investors to invest in residential property. Most housing scholars agree that negative gearing and the generous capital gains tax in a climate of low interest rates have encouraged investors to enter the Sydney residential real estate market in droves. The scenario of investors outbidding first time homebuyers is a constant theme in the Sydney media.

The minimal government support for the social housing sector and the selling off of social housing in gentrifying neighbourhoods (see Morris, 2017), can be tracked back to a neoliberal agenda of austerity and minimising government spending (Beer, Bentley, Baker, & Mason, 2015). Housing is an expensive commodity and successive governments have instilled the belief that housing is not a government responsibility and individuals need to make their own way in the housing market.

Affordable, adequate and secure housing are essential components for a decent life. However, Sydney's status as a global city and the increased insertion of its residential real estate into global capital and population flows combined with a refusal to address negative gearing or the capital gains tax, makes it likely that for a large part of Sydney's population, housing will continue to be a source of anguish rather than comfort, wealth accumulation and security.

6. Cities as climate leaders? The case of Sydney

6.1. Cities and climate change

No consideration of the global city thesis and its applicability to

Sydney is complete without consideration of the most iconic global challenge of the 21st century – climate change. Climate change is a truly global phenomenon; greenhouse gases emitted anywhere in the world mix and mingle in the global atmosphere to bring impacts far from the point of emission. As a global challenge with global impacts, climate change demands a coordinated global response. It would not be unreasonable to anticipate, then, that the key responses to climate change would be national and international, with little direct role for cities. In practice, this is far from the case. With international negotiations on climate change response making slow progress and many national governments caught up in partisan politics over climate change, attention has turned to the role that other institutions can play in responding to climate change. The late Elinor Ostrom was at the forefront of this move with her call for polycentric responses to climate change, where multiple public and private organisations at multiple scales act jointly to achieve collective benefits and share costs. Ostrom asserts:

Rather than only a global effort, it would be better to self-consciously adopt a polycentric approach to the problem of climate change in order to gain the benefits at multiple scales as well as to encourage experimentation and learning from diverse policies adopted by multiple scales. (2010, p. 365)

In this more chaotic, multi-scalar policy environment, the role of cities as potential leaders in climate change response has come to the fore (Bulkeley & Betsill, 2013; Hunt & Watkiss, 2011; McGuirk, Dowling, Brennan, & Bulkeley, 2015; Steffen, 2012; The World Bank, 2010). Cities are responsible for 60–70% of global greenhouse gas emissions (UN Habitat, 2011) so an effective response to climate change requires city involvement. Recognising this, city governments have established networks such as the C40 Cities Climate Leadership Group³⁴ (C40) to facilitate exchange and collaboration between cities that are engaged with climate change response. While urban engagement with climate change is certainly not uniform, many cities around the world are now actively engaged in understanding the relevant impacts of climate change and designing appropriate responses. These cities are participating in a global narrative of cities as climate leaders.

Positioning cities as climate leaders is first a practical move, opening up new sites and sources of progress on climate change when other avenues are failing to deliver. Second, it is a strategy that recognises the growing urbanisation of the global population and the necessity of developing low-carbon cities as part of any effective response to climate change. Third, it is a way of structuring and evaluating experimentation (McGuirk et al., 2015). The best way to respond to climate change remains an empirical question. City-scale experiments to respond to climate change are more tangible, comparable and portable than national or international experiments. Finally, engaging with the global challenge of climate change is a way for cities to position themselves as leaders on the world stage, contributing to international debates about the preeminent global issue of our time. Importantly for our topic here, this positioning seems entirely consistent with the global city thesis. Global cities need to be connected into the key policy debates of the time and 'green' credentials can help to attract mobile global workers to a city. A city where the global city thesis is prevalent is likely to be a site of active discussion on how to respond to climate change.

This section explores how Sydney's positioning as a global city affects its response to climate change, and how effective that response has been over time. To address these questions, some context on the history of climate change response in Sydney, and Australia, is necessary.

³⁴ Sydney's Global Economic Corridor.

6.2. Climate change response in Sydney

Climate change has been a politically contentious issue for Australia over the past decade. The major political parties disagree vehemently on how to respond to climate change, which has made tangible political progress difficult. Broadly speaking, Labor governments have been more proactive in responding to climate change and supporting greenhouse gas reduction measures such as renewable energy, while Liberal-National Coalition governments have veered from outright denial that climate change exists to token actions to appease the electorate.

In Australia's political system, the Federal Government is responsible for international treaty negotiations but six state governments are largely responsible for energy and transport systems, urban planning, and other activities that generate the bulk of greenhouse gas emissions. This leads to a tension, where the Federal Government sets greenhouse gas reduction targets through negotiations under the United Nations Framework Convention on Climate Change (UNFCCC) but states have much of the responsibility for meeting those targets. As noted in previous sections, local governments have responsibility for local urban planning and service delivery, but have little ability to influence the structural issues that lead to greenhouse gas emissions.

The way that the tensions between levels of government manifest depends on the distribution of political power across these three levels of government at the time. From 1996 to 2007, Prime Minister John Howard led a conservative Federal Government that avoided and delayed action on climate change, arguing for special treatment in international climate change negotiations and then refusing to ratify the Kyoto Protocol under the UNFCCC. During this time, state and local governments filled the climate policy vacuum. The more progressive Australian Labor Party held power in the state of NSW and introduced one of the world's first mandatory emission trading schemes, called the NSW Greenhouse Gas Abatement Scheme. In 2004, the NSW Government introduced the Building Sustainability Index (BASIX), which required new developments to reduce greenhouse gas emissions by 40% compared to pre-2004 dwellings. The locus of climate action sat firmly with the NSW Government during these years and Sydney's local governments, including the City of Sydney, were minor players.

A shift in political power led to rapid change in this situation. In 2007, Kevin Rudd was elected Prime Minister of a Labor Government at the federal level, partly on a political platform of responding to climate change. Rudd's first act as Prime Minister was to ratify the Kyoto Protocol and its targets for greenhouse gas reduction, and Labor governments went on to substantially expand Australia's renewable energy target and legislate a national emissions trading scheme. The impetus for state government action waned, due to anticipation that national emissions trading would remove the need for additional state-based policy measures. At the same time, the City of Sydney emerged as a more prominent player in climate action. The progressive Clover Moore was elected as Lord Mayor in 2004 and the amalgamation of the City of Sydney and South Sydney Councils increased the jurisdiction of the City of Sydney. In 2008, the City initiated a major visioning project called Sustainable Sydney 2030 (City of Sydney, 2008). This project engaged Sydney stakeholders in the development of a long-term vision for the future of Sydney. The vision aimed to position Sydney as 'green, global and connected'. It included a target to reduce greenhouse gas emissions by 70% compared to 2006 levels. The locus of climate action had shifted to the local and national levels.

After a period of increasingly toxic and ideological public debate about the economic impacts of climate change response, a Coalition government led by Tony Abbott returned to power at the federal level in 2013. The Abbott Government successfully positioned Australia's emissions trading scheme as a 'great big tax on everything' and rapidly repealed the scheme after coming to power. There has been little effective climate action from the Federal Government ever since. In NSW, a Coalition government came to power in 2011 and remains in power today. The NSW 2021 Plan (NSW Government, 2011), released that

year, made almost no mention of climate change, other than a minor action to improve the quality of climate change projections. There was a substantial focus on improving energy efficiency, but this was communicated as a way of reducing energy prices, not a response to climate change. Climate change became something that politicians at state and federal levels avoided mentioning. This left an opportunity for city leadership on climate change to come to the fore. The next subsection considers the City of Sydney's effectiveness as a climate leader focusing mainly on the period since Sustainable Sydney 2030 was released.

6.3. Sydney as climate leader

I have traced the political developments that created space for the City of Sydney to position itself as a climate leader, but there is more than local politics at play. The emergence of cities as leaders on climate action is a global phenomenon involving many cities other than Sydney. Several networks of cities acting collaboratively on climate change have come to the fore, including the C40 Cities Climate Leadership Group and 100 Resilient Cities. What is common across these networks is a view that prominent global cities have a responsibility to show leadership on climate change. Here, the currency of the global city thesis has the positive impact of motivating city leaders to take a leading role in climate change response.

C40 is described on its website as a network of 'more than 80 of the world's greatest cities, representing over 600 million people and one quarter of the global economy' (C40, 2017). Established in 2005, the network aims to reduce greenhouse gas emissions and climate risks and provides its members with direct technical assistance, facilitation of peer-to-peer exchange, research, knowledge management and communications. C40's rhetoric stresses both the responsibility and capacity of cities to make real progress on climate change, which sits comfortably with the idea of global cities as key political and economic players in the 21st century economy. The membership list includes 13 of the top 15 cities in the Global Cities Index (A.T. Kearney, 2016), with only Tokyo and Brussels missing. It also has strong representation from the megacities in the global South that are most vulnerable to climate change impacts and would not normally score well in global city rankings.

100 Resilient Cities is a separate initiative of the Rockefeller Foundation that aims to help cities around the world become more resilient to the physical, social and economic challenges that are prevalent in the 21st century, including climate change. The initiative began in 2013 and ran a selection process for cities, with the 100 participating cities finalised in 2016. The network provides financial support to participating cities to establish a Chief Resilience Officer, expert input to the development of resilience strategies and access to innovative ideas. Membership of 100 Resilient Cities is more diverse than that of C40, perhaps reflecting the Rockefeller Foundation's selection process. It includes 10 of the top 15 global cities but also many cities of the global South and smaller innovative cities in the North (e.g. Boulder, Colorado).

Sydney is a member of both networks, which align closely with the Sustainable Sydney 2030 vision to be 'internationally recognised as a leader with outstanding environmental performance' and to be a 'global city and international gateway' (City of Sydney, 2017). Sydney, via the City of Sydney, promotes itself as a global climate leader and site of low-carbon innovation. There is substance to this marketing. In addition to being a founding member of C40 and a member of 100 Resilient Cities, the City of Sydney was the first local government in Australia to be certified as carbon neutral under the National Carbon Offset Standard (DCCEE, 2012). To implement its Sustainable Sydney 2030 vision, the City of Sydney has developed green infrastructure masterplans covering energy efficiency, trigeneration and renewable energy, waste and water. It has taken many actions aimed at reducing emissions, including installation of LED lighting and solar panels and numerous energy efficiency initiatives in buildings. It has also developed a draft

Environmental Strategy and Action Plan for 2016–2021, which includes a climate adaptation strategy (City of Sydney, 2016a). As of June 2016, these actions had contributed to a reduction in the City of Sydney's greenhouse gas emissions of 27% compared to the 2005–06 baseline (City of Sydney, 2016b).

So far, this is a relentlessly positive story. Inspired by its global city credentials, the City of Sydney has taken leadership on climate change and achieved both real reductions in greenhouse gas emissions and strong communication of the importance of climate action to city residents. However, this is not the full story. The City of Sydney faces substantial challenges in acting on its climate leadership aspirations at a city-wide scale.

First, as other Sections have already made clear, the City of Sydney has jurisdictional responsibility for a very small geographic area relative to the size of the city. Specifically, the City of Sydney has jurisdiction over an area of 26 km² in a metropolitan area of 12,428 km². The population within this jurisdiction is 180,000, compared to a metropolitan population of 4.4 million people. Across the metropolitan area, there are 29 other local governments. This means that the City of Sydney needs to coordinate with a large number of other jurisdictions to achieve broader city-scale action on climate change.

Second, the NSW state government has direct jurisdiction over many areas that impact on greenhouse gas emissions, including major urban planning directions, transport and energy policy. The City of Sydney has relatively little direct control over factors that influence greenhouse gas emissions. To illustrate, the C40 website provides an assessment of the strength of Mayoral powers for each of its member cities. The assessment considers whether Mayoral powers are strong, partial or limited in areas such as energy supply, public transport and urban land use that are important for responding to climate change. The table shows the top 13 cities from the Global Cities Index that are also C40 members, ranked according to the number of strong Mayoral powers shown on the C40 website. Sydney ranks 10th, with strong Mayoral power over only city roads and some aspects of finance and economy. Most of the other global cities have much stronger Mayoral powers to act on climate change. In Sydney, most of the strong power sits with the NSW Government (Table 4).

Clearly, the ability of the City of Sydney to exercise leadership on climate change is hampered by its limited jurisdiction and powers over Sydney's total carbon footprint. It is unable to act on many of its leadership aspirations without finding ways to collaborate with other local governments and the state government. As such the City of Sydney becomes something of a figurehead, playing a leadership role in international networks but unable to deliver on a city scale without the cooperation of other institutions.

This is not necessarily a problem if other jurisdictions are also taking action, but there is a risk that the City of Sydney's position as a prominent global city participant in international climate change

networks acts as a smokescreen for inaction by others. Indeed, other institutions responsible for governance of Sydney have shown much less leadership on climate change than the City of Sydney. Some other local governments across Sydney have certainly made climate change a priority within their jurisdictions, but state and federal governments have been largely ineffective on climate change in recent years. The prominent climate leadership narrative embodied by the City of Sydney serves to mask this broader inaction on climate change in Sydney, allowing continuation of the status quo – a neoclassical economic growth paradigm. A genuine climate leadership narrative for Sydney would need to be shared across the multiple jurisdictions that govern Sydney and participate in its daily affairs. While the Sustainable Sydney 2030 vision is a valiant attempt to provide such a narrative, the story has little traction outside the limited boundaries of the City of Sydney.

What begins to emerge is a set of contradictions or tensions between a global city narrative of climate leadership and the reality of city governance and climate action in Sydney. The next section examines several such contradictions in more detail.

6.4. Contradictions in the Sydney climate leadership narrative

The prevalence of highly ranked global cities within the membership of C40 and 100 Resilient Cities points to the necessity for global cities to be seen to be actively engaging with climate change and showing leadership. The City of Sydney's role in these networks is undoubtedly positive, but the climate action story across Sydney as a whole is more contradictory. Several specific examples are examined below.

6.4.1. Transport infrastructure

Two of the strategic directions emerging from Sustainable Sydney 2030 relate to transport: integrated transport for a connected city; and, a city for pedestrians and cyclists (City of Sydney, 2017).

The City of Sydney has taken significant action, within its jurisdictional constraints, to pursue these two strategic directions. It has been a strong proponent of light rail and can take a lot of credit for the NSW Government's commitment to the current \$2.1 billion extension of Sydney's light rail network through the CBD. It has also worked to deliver an improved experience for pedestrians and cyclists in the city. For example, two new separated cycleways now provide a safe 2.5 km link through the city centre from Central Station to the Sydney Harbour Bridge. These are important initiatives that the City of Sydney rightly promotes on its website.

However, the greenhouse gas reductions resulting from these projects are minor when considered on the scale of Sydney as a whole. The City of Sydney notes that around 7000 people ride to work in the city centre each day, equivalent to 116 buses or 7 trains at full capacity (City of Sydney, 2017). Yet, according to the Bureau of Transport Statistics, bicycle trips make up 0.7% of the total mode share on an average weekday (BTS, 2013). By way of comparison, 50% of trips are by vehicle drivers and another 21.5% by vehicle passengers. Motor vehicles still dominate the Sydney landscape.

Meanwhile, the NSW and Federal Government are engaged in massive transport infrastructure projects that will increase greenhouse gas emissions and dwarf any reductions achieved by the City of Sydney. The NSW Government has embarked on the \$20 billion WestConnex motorway scheme, described as the biggest transport infrastructure project in Australia. Despite claims that the motorway will reduce greenhouse gas emissions by 6 Mt per annum (WestConnex, 2017), all the available evidence indicates that motorway projects like this actually lead to a substantial increase in greenhouse gas emissions (Gilchrist, 2015; Price, 2015). The Federal Government is developing the Western Sydney Airport as Sydney's second international airport. The new airport will increase greenhouse gas emissions by 2.3 Mt per annum, including emissions associated with aircraft (DIRD, 2017). These huge projects that change Sydney's urban structure dwarf any

Table 4

Strength of Mayoral powers for the top 13 C40 cities in the Global Cities Index. Source: <https://www.c40.org/researches/c40-cities-the-power-to-act>.

City	Number of areas of strong Mayoral powers
LA	24
Beijing	24
New York	21
Madrid	20
Washington	19
Seoul	19
Chicago	14
Paris	13
London	10
Sydney	6
Hong Kong	5
Singapore	3
Melbourne	2

greenhouse gas reductions that the City of Sydney can achieve in its limited jurisdiction, making the storyline of Sydney as climate leader a contradictory one. The global city thesis helps to justify both of these projects as necessary for Sydney to maintain its place as a global, accessible, functioning city.

6.4.2. Energy efficiency in buildings

The City of Sydney has developed an ambitious Energy Efficiency Master Plan (City of Sydney, 2015) to contribute towards its goal of reducing greenhouse gas emissions by 70%. The Master Plan guides a suite of actions that include installation of LED lighting, retrofits of Council buildings, grants for energy efficiency projects and various stakeholder partnerships such as the Better Buildings Partnership. These actions are anticipated to reduce greenhouse gas emissions in the local government area by 33%.

The Master Plan relies on voluntary action, and actions over which City of Sydney has direct control. This is because the City of Sydney does not have access to the single strongest policy lever available to influence energy efficiency of buildings throughout Sydney – the Building Sustainability Index (BASIX). BASIX is a regulated planning measure, introduced in 2004, requiring all residential buildings to achieve a specified BASIX rating during the development approval process. BASIX requires dwellings to achieve up to a 40% reduction in greenhouse gas emissions relative to a benchmark level established in 2004. There are variations based on the type of dwelling and region. No single measure has done more to improve energy efficiency of the NSW residential building stock.

However, despite oft-expressed intentions at the time of its introduction to gradually increase the BASIX targets over time, the targets and benchmarks are unchanged from when they were introduced 13 years ago. Achieving the targets has become routine and is no longer a driver for innovation. Reviews in 2009, 2011 and 2013 all presented strong evidence for the effectiveness of BASIX and the need for revised targets (DPI, 2013). The most recent 2013 review proposed an increase of most energy targets by 10% and changes to requirements for thermal comfort to bring BASIX in line with national building standards. Despite positive cost-benefit analyses, projected greenhouse gas emission reduction of 5.8 Mt, and widespread support in submissions, opposition from vocal building industry stakeholders led to the NSW Government quietly abandoning the changes. Again, the high-profile story of Sydney as a global climate leader on energy efficiency in CBD buildings is undermined by the lack of action from the NSW Government in the more mundane field of development regulation, which affects all of Sydney.

6.4.3. Urban density

The final contradiction is more subtle. It is well established that increases in urban density deliver reductions in greenhouse gas emissions through reduced energy use and reduced motor vehicle transport demand (Newman, 2014). In this sense, globalisation and the rise of the service economy is a boon for climate change response, driving densification in global cities. The City of Sydney and NSW Government have collaboratively pursued infill development in Sydney, for example on former industrial sites on the edges of the CBD. Both governments have used their planning powers to require significant environmental initiatives from such developments. One prominent example is the Central Park development, on the western edge of the CBD.

Central Park is a \$2 billion mixed use development on a former brewery site. In keeping with Sydney's global city positioning, the marketing for the site enthuses over its design 'by a world-leading team of architects in Sydney, London, Paris and Copenhagen' and the name of the development of course references one of the most famous global cities, New York. Central Park wears its green credentials openly and proudly. Most prominent are the innovative green walls that cover the main residential tower at One Central Park. More hidden are the tri-generation facility that generates power, heating and cooling using

natural gas, and the water treatment plant that recycles sewage. The site has become an icon of green urban development and undoubtedly emits less greenhouse gas than equivalent buildings in Sydney. Central Park is positioned as an oasis of low-carbon living in the desert of the carbon-intensive city, where occupants can live better, low-impact lives.

This story is, however, rife with contradiction. A key component of the Central Park development is a major shopping mall, which panders to high-consumption lifestyles that increase greenhouse gas emissions. One Central Park includes an energy-hungry 20-metre outdoor heated pool. Even the famous green walls require constant pumping of water to keep them alive.

The contradiction here is between conflicting narratives of the city. On the one hand, Sydney is a global climate leader, working alongside other global cities, with iconic developments like Central Park to demonstrate its credentials. On the other hand, cities are global carbon hotspots and sites of consumption. They are sites where it is easy for people to find themselves on the "hedonic treadmill" (Kahneman, 2011), pursuing greater wealth and consumption to keep up with those around them, and generating even greater greenhouse gas emissions. Meanwhile, the continuing growth of the city consumes low-impact land use on the fringes, such as small-scale agriculture in south-west Sydney, and replaces it with high-impact suburbs made up of near-identical, inefficient single dwellings. On these fringes the city is actively generating climate change as it expands. There is truth to both of these stories, and an effective global response to climate change will ultimately require resolution of this contradiction in global and other cities, through transformation of the material and cultural fabric of our cities.

6.5. Conclusion

This Section set out to explore how Sydney's positioning as a global city affects its response to climate change, and how effective that response has been over time, and found a story full of contradictions. On the positive side, global networks of cities are pushing each other to demonstrate leadership in response to climate change. Networks like C40 and 100 Resilient Cities encourage and validate cities that take climate action. The strong coincidence between members of these networks and the top performers in the Global Cities Index indicates that evidence of climate leadership has become a near-essential attribute for aspiring global cities. Undoubtedly, a desire to belong on the world stage has driven city leaders in Sydney to take actions that they might not otherwise have taken to reduce greenhouse gas emissions. The City of Sydney can point to genuine achievements in reducing greenhouse gas emissions and strong plans and targets to guide additional action. Further, the globalising forces and economic changes that are recognised in the global city thesis tend to increase urban density, which reduces greenhouse gas emissions. Here, the global city thesis is doing positive work for climate action, providing a narrative that supports Sydney's aim to be green, global and connected.

On the other hand, as we have seen in other sections, the City of Sydney as the 'face' of Sydney on the global stage has limited power, particularly on an issue like climate change. Most of Sydney's greenhouse gas emissions are generated outside the City of Sydney's jurisdiction. The City of Sydney's leadership efforts are undoubtedly genuine but their impact is dwarfed by the effects of major infrastructure and planning decisions that sit with the NSW and federal governments. This becomes problematic to the extent that the City of Sydney's image as a climate leader acts as a smokescreen for inaction by these other levels of government. At worst the climate leadership narrative provides a green façade while maintaining a status quo that cares little about climate change.

The most obvious way to resolve the contradictory nature of Sydney's response to climate change is to find ways to genuinely collaborate across levels of government and between sectors. Despite its

limited powers, the City of Sydney has significant convening power due to its access to global city networks like C40 and 100 Resilient Cities. To its credit, the City of Sydney has put a great deal of effort into collaboration through initiatives like Sustainable Sydney 2030 and the Better Buildings Partnership. What is arguably missing for these collaborations to be truly effective on climate change is a genuinely shared narrative about the future of Sydney. Political and ideological differences mean that Sydney's three levels of government are rarely in alignment about where the city should be headed.

It seems unlikely that the global city thesis, rooted in traditional ideas of globalisation and economic growth, can provide the kind of shared narrative needed to guide collaborative climate action in Sydney. The scale and breadth of the challenge posed by climate change will not be met without transforming the nature of our cities, in ways that go well beyond what the global city thesis contemplates. Energy generation, transportation, buildings, urban form, food provision, socioeconomic systems, social norms and worldviews will all be transformed by the urban response to climate change. An alternative narrative of the 'transformed city' implies a break from the status quo, allowing fundamentally new kinds of future to emerge in response to climate change. According to O'Brien:

Transformation can be defined as physical and/or qualitative changes in form, structure or meaning-making...It can also be understood as a psycho-social process involving the unleashing of human potential to commit, care and effect change for a better life. (2011, p. 670)

The seeds of a transformative climate change narrative are evident in Sydney, in the work of the City of Sydney and others. The City of Sydney even presents a vision for 'city transformation' on its website. However, until all of the levels of government that have jurisdiction over Sydney agree that transformative change is needed, climate action in the city will remain slow and piecemeal. The evidence considered in this section indicates that we are a long way from such agreement.

7. Equity and democracy in a global city

7.1. Summary

The case of global city Sydney reveals fault lines in the global city thesis as a scholarly endeavour and a guide for policy makers to set urban policy. The operationalisation of many of the measures used to compare global cities is highly speculative, poorly operationalised, and highly subjective; yet, these indexes may significantly distort the urban development agenda of global cities as civic elites and politicians focus on the rise or fall of their cities' rankings from year to year and to the neglect of growing inequality.

In Section 2 we examined the evolution of global Sydney's fragmented governance system, and the recent efforts to develop strategic capacity to manage the city. This section highlighted that in an increasingly urbanised and globalised world, the local place qualities in Sydney play a prominent role in determining competitive advantage. This section charted the history of urbanisation and the ways the three tiered governance system evolved. It explained that in the case of Sydney the metropolitan region is not governed by a discrete political entity. Of note is that for authors such as McNeill et al. (2005) the lived realities obscured by the global Sydney vision are fundamental to any assessment of the success of the global Sydney agenda. What is apparent is there has been a historic lack of coordination by governing actors in addressing socio-economic spatial polarisation through the global Sydney vision. Although there have been many attempts to consolidate metropolitan Sydney into a regional governing structure, the battle between Sydney's urban east and suburban west remains, with significant spatial and infrastructural inequality experienced by the west. This indicates that the governing agenda privileges economic considerations while giving scant regard to social equity.

The Greater Sydney Commission (GSC) marks a new approach to governing the Sydney region. This differs from governance approaches adopted in other world cities. This is particularly the case in relation to the absence of local democracy and the extent of state direction of the metropolitan vision and planning processes. It remains to be seen whether the GSC can resolve the issues pertaining to the increasing spatial dilution of regional planning within a region-wide global city narrative, which focuses on the interests of the economically dominant east, rather than an entire metropolis.

In Section 3 we demonstrated that a key result of these complex governance arrangements in Sydney is that different accounts of the city's economy are told by different people and that these accounts are broadly speaking *political*. Given that Sydney exists at a regional level, between state and local governments and within the context of Australian fiscal federalism, this section also noted that the central problem in constructing an account of the Sydney economy is that it is not a political entity in its own right and as such historically it has not been mapped as a discrete economy. This section examined the features of Sydney's economy from *outside* the global city lens in a comparative international perspective. It compared Australia's economy from 2000 to 2013 to the average for all OECD countries, indicating that Australia's economy did not experience the negative impacts of the global financial crisis to the extent experienced by other OECD countries. It was also demonstrated that there has been increasing internationalisation of Australia's economy, which coincides with the global city model. As an economic region, Sydney has several principal characteristics of a "spiky" global city. However, the data also reveals the spatial inequality and various activities, which do conform to the global city model.

Importantly, this section examines the way that the global city narrative has been an element used to pursue two strands of public policy: local government reforms and spending on infrastructure. These public policy examples demonstrate that essentially, the global city narrative provides the evidence based policy analysis to justify local council amalgamation and favouring investment in infrastructure and policies aimed at advanced producer services and the creative class. Further, these evidence based policy decisions are complicated further by the lack of data on economic performance for the Sydney city-region. These examples reveal that the account of the political economics revealed the global city thesis in Sydney has shifted from a *critical political economy* and *sociology* examining the mobility of capital and labour within conditions of planetary integration (Sassen, 1991, 2001) to an *ideology for metropolitan reform*, which has driven a policy agenda which sees increasing inequality across the city, particularly east-versus-west. The 'Sydney global city', understood as a politico-discursive concept, and embedded in a particular version of urban development, still drives – and, arguably, distorts – urban policy for Sydney.

In section 3, we also saw that Sydney has not experienced austerity urbanism common in other Western states for several reasons. First, Australia's economy was not as affected by the global economic downturn in 2008. Second, the federal government provides significant financial aid to subnational governments including education and health, shielding them from the perceived need to cut services. Third, buoyant tax receipts from property transfers have made a significant contribution to the state budget.

In Section 4, we saw that "Global Sydney" has come to the fore in the formulation of planning priorities, while socio-political and environmental problems have steadily worsened. In particular, this section demonstrates that the global city thesis focuses on how to fix governance to better provide infrastructure expected in a global city. Focusing on spatial planning and transport, it was illustrated how the distinct urban form and low density of the Sydney city-region diverge from other global cities. As attempts to achieve global city status became more prominent in government rationalities, the private sector began to play an increasing role in spatial patterning of Sydney, promoting on the one hand reduced regulation of fringe development and

increased public private partnerships in infrastructure provisioning. The development of a raft of private sector funded motorways in Sydney, stands at odds with the public transit focus of higher order global cities. State government initiatives have focused infrastructure policies to match the global city narrative. However, less focus has been given to containing sprawl, reducing auto usage, or meeting residents' needs. There is limited transparency on why particular projects were selected over other options and the haste with which these projects were commenced has seemingly led to the potential financing source for other big capital projects which may assist in Sydney's labour force productivity and social inclusion to be overlooked. The global city thesis helps somewhat in understanding Sydney's recent questionable transport infrastructure investment, which comprises part of a political rush to be seen to be active in support of global Sydney ambitions; however, this section proposed that these major governance interventions can be better understood through the lens of Flyvbjerg's (2014) work.

More recently, the Committee of Sydney has explicitly linked spatial equity and global Sydney, specifically referencing terms like "inclusive growth" and "spatial and intergenerational equity". Of particular pertinence to global Sydney thinking is what is described as a "major shift" in planning "vision" to focus on "the significance of central and western Sydney". However, it does so *without* setting aside the global Sydney conception. Today we see a trend towards decreased opportunity in outer suburban communities, while at the same time spatial expansion of the city continues. This also leads to a concern that global city Sydney is not working for many of the inhabitants of the city who are priced out of the city boundaries or unable to benefit from the new economy. The wave of government interventionism directed towards spatial challenges – focused on "mega" infrastructure projects, governance reform and spatial planning – has simultaneously, both bolstered *and* weakened the global city narrative in Sydney planning. Again, the global city thesis is a useful trope which illuminates spatial aspects of attracting and upscaling knowledge sector work, and the inequities and inefficiencies which can tend to surround these kinds of cities. However, this section has also demonstrated that the global city construct is only one of several rationalities, and that there are other fields of scholarship (such as termed "sustainability transitions" theory) which practice can more usefully turn to if it wishes to be more influential in steering spatial change.

Section 5 examined the housing affordability crisis, much of it a consequence of globalisation and Sydney's emergence as a major global city. In Australia, the globalisation of the real estate industry and the financialisation of housing resulted in a massive increase in local and foreign individuals buying apartments and or homes as an investment. Sydney has become one of the world's most expensive housing markets. The surge in housing prices is phenomenal, rising close to 40% from 2012 to 2015. The increased costs are due to historically low interest rates, local and foreign investors, especially from China, and demand exceeding supply of housing. Of note is that Chinese investors are driven by the perception that Sydney is a global city. As a result of these changes, low-income residents are pushed to the outskirts of the city and then have long commutes and expensive transportation costs. The loss of existing social housing through privatisation exacerbates the problem and also fuels gentrification. Although there is recognition of the housing affordability crisis, the state and federal government have embraced a neoliberal agenda including austerity and reducing the cost of government. Therefore, the formal agenda of government does not include serious efforts to address housing affordability. In combination with other factors, the government's policy to pursue Sydney's status as a global city has contributed to the difficulties Sydneysiders have accessing affordable, adequate and secure housing, essential components of a decent life.

In Section 6 we considered how global city Sydney faces climate change. Alongside other highly ranked global cities, Sydney's membership of C40 and 100 Resilient Cities points to the necessity for global

cities to be seen to be actively engaging with climate change and showing leadership. This section demonstrated that both networks align closely with the Sustainable Sydney 2030 vision. The City of Sydney's role in these networks is undoubtedly positive, but the climate action story across Sydney as a whole is more contradictory. The city of Sydney only has jurisdiction over 180,000 people in 26 km² out of 4.4 million people in 12,428 km². Transport and energy policy are under the authority of the state of NSW and not the city. The City of Sydney has taken significant action, within its jurisdictional constraints, to pursue the two strategic directions related to transport: integrated transport for a connected city; and, a city for pedestrians and cyclists. At the same time, the NSW and Federal governments are engaged in massive transport infrastructure projects that will *increase* greenhouse gas emissions and dwarf any reductions achieved by the City of Sydney. These activities hamper the City of Sydney's ability to exercise leadership on climate change due to its limited jurisdiction and powers over Sydney's total carbon footprint.

This section also demonstrated that there are conflicting narratives of the city. On the one hand, Sydney is working alongside other global cities as a global climate leader. On the other hand, cities are global carbon hotspots and sites of consumption. While the effort by the City of Sydney should not be dismissed, it is imperative to remember that most of Sydney's greenhouse gas emissions are generated outside the City of Sydney's jurisdiction. Its role as a climate change leader is symbolic rather than formal and the larger climate change portfolio by the state and federal governments reveals a lack of action or seriousness to address climate change. To address the contradictory nature of Sydney's response to climate change we suggest that it is imperative to find ways to collaborate genuinely across levels of government and between sectors. However, this section also highlighted that it seems unlikely that the global city thesis, rooted in traditional ideas of globalisation and economic growth, can provide the kind of shared narrative needed to guide collaborative climate action in Sydney. This is particularly the case because the scale and breadth of the challenge posed by climate change will not be met without transforming the nature of our cities, in ways that go well beyond what the global city thesis contemplates.

7.2. Global city policy agenda in Sydney

The problems facing Sydney are similar to those facing many other global cities. These problems include a new economy that provides insufficient work and pay for the residents of the city-region, weak and limited local government lacking financial resources to address the myriad of problems, insufficient investment in public transit, a lack of affordable housing that leaves many unable to live in the city-region, and a climate change policy that is heavy on aspirations but offers few concrete steps to adapt let alone mitigate the impact of climate change on the city. The local civic elite, city leaders, and state officials have framed a very narrow set of policy initiatives that at first glance appear to be addressing the problems facing global city Sydney. But the reality is that the solutions pale in relation to the scale of the problems. In this sense, the solution sets seem ill-suited to the current era of globalisation and neoliberal policy. There is increased and growing inequality and even middle class residents are struggling to maintain their standard of living (Table 5).

7.3. What then should Sydney do?

The state (New South Wales) is the primary actor with authority and resources to address the problems of global city Sydney. The policy solutions offered, however, are limited to placing physical infrastructure to support existing metropolitan development patterns, including sprawl and treating gentrification as a sign of a successful global city. In effect, residents of the global city are viewed as responsible for their own situation and the traditional liberal or

Table 5
Global City Policy Agenda.

	Problem as framed by elites	Solution	Assessment
Governance	Reduce local government fragmentation, which is an obstacle to economic competitiveness	Initial effort to force amalgamation of local councils Establish Greater Sydney Commission to centralise regional planning under NSW government	Limited local autonomy and democracy State sets metropolitan vision and plan with little or any meaningful citizen input
Economic competitiveness	Raise Sydney's global city rankings	Development policies favouring advanced producer services sector of economy and the creative class	Global city rankings are superficial and provide little guidance to policy makers, Many residents are being left behind
Transportation	Traffic congestion, link employment centres	New highways, light rail, and commuter trains	Does not address continuing sprawl, need to reduce car usage, or spatial inequities. Sydney's transit system is increasingly fragmented and significant new investment for 5M plus people avoided for fear increase borrowing will impact AAA credit rating. Good transit is hostage to the concerns of neoliberal values
Housing	Housing problem is the function of a successful and attractive global city in which the market drives up the price	Primarily viewed as an individual problem and a function of the market	Worsening housing affordability crisis as high cost and gentrification make the city unaffordable to all but those at the top income levels; investment in housing becomes a vehicle for the rich to get richer
Climate Change	Manageable problem	Climate change can be mitigated and adapted to. Individuals manage the problem through behaviour change and use reduction strategies	Lack of action by federal and state governments; city is a limited player in terms of scale of city-region and jurisdiction

neoliberal solutions focus on job training, education, and personal initiative to improve one's standard of living. The local governments are limited in fiscal resources and authority, but still seek to play a significant role in improving the circumstances for their residents. The state and federal government take a narrow role on the need for intervention and the types of policies that are appropriate. In this sense, the global city narrative in Sydney suggests that the increased inequality and problems linked to globalisation are growing pains. No other policies are contemplated that might potentially alter outcomes. The reorganisation of local government will likely further reduce the ability to frame an alternative set of policies that might address in a broader way the problems facing the global city. This leaves us with a rather gloomy prognosis for the future.

Although Sydney represents a distinctive global city in its formation and circumstances, in all likelihood the actual problems facing global cities are quite similar. These include traffic congestion, consequences of climate change, problems with affordable housing, and lack of government initiative that will likely ameliorate or improve the situation of residents. What is needed is a broader consideration of the opportunities for cities to adopt a more ambitious and progressive urban agenda. Scholars have been very effective at describing the problems of neoliberal urban policy associated with globalisation and free trade. Now the future of cities like Sydney require recognising that the global city narrative will not work nor will it provide the solutions needed in the 21st century.

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